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Canada. Royal commission on transportation.

Hearings. v. 44-48. 1960.

1961









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*Hon C. P. McTaggart*

# ROYAL COMMISSION

ON

# TRANSPORTATION

HEARINGS

HELD AT

TORONTO

VOLUME No.:

DATE:

44

MARCH 16 1960

OFFICIAL REPORTERS  
ANGUS, STONEHOUSE & CO. LTD.  
372 BAY STREET  
TORONTO

EM. 4-7383

EM. 3-5655









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7425

Toronto,

Wednesday, March 16, 1960.

--- On Resuming at 9:30 a.m.

THE CHAIRMAN: Before we start, I want to get on the record again the absolute necessity for Briefs being in on time and I plead with the Provinces and the others who are getting the records to get the records in promptly. I am not concerned only for counsel. I am concerned for them but I am thinking of our own research staff. We want the Briefs in just as soon as possible. We have given a two-week period but if it comes in three weeks ahead it hurts no one and helps a great many. I would ask that the Briefs and the Submissions be in as soon as possible. Mr. Cumming.

MR. CUMMING: I shall be very brief, Mr. Belyea. On the second page of your Brief, at the top of the page, in the last sentence of the paragraph, you say:

"Central among these difficulties is said to be the problem of rising costs, which, in its influence on the rate structure, has tended toward a geographical contraction rather than a desired expansion of markets."

Can you tell the Commission in general terms to what extent Ontario Agriculture has experienced







Mr. Belyea, Cr.-ex.  
(Cumming)

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1 a shrinkage in the market areas it reaches, or has  
2 that been your experience?

3  
4 MR. BELYEA: This, I think, is just a general  
5 statement. We feel it is a tendency where there are  
6 rising costs and where the rate structure is  
7 influenced in the sense that rates ~~tends~~ to rise.  
8 Then, of course, we feel that producers of agricultural  
9 products and other products in Ontario are less able  
10 to find markets in remote areas. I think this is  
11 borne out to some extent by the cases we have mentioned  
12 here, the three or four cases which tend to show  
13 that it is more difficult apparently to reach some of  
14 the markets.

15 Q. Is it the situation that you have not  
16 actually experienced a shrinkage but you anticipate  
17 that if costs continue to rise there may be?

18 MR. BELYEA: Yes.

19 Q. It is a fear rather than an actuality?

20 MR. BELYEA: Yes.

21 Q. There are some matters dealt with in  
22 this Brief that are not under the jurisdiction of the  
23 Board -- those points dealt with under the Heading  
24 of "Commodity Reclassification".

25 THE CHAIRMAN: We will have no cross-  
26 examination on that.

27 MR. CUMMING: Q. On page 4, Mr. Belyea,  
28 you speak of the difficulty which farm marketing  
29 groups have had with the railways in dealing with







Mr. Belyea, Cr.-ex. 7427  
(Cumming)

1 applications in connection with adjustments on  
2 agreed charges, and you have set out a number of  
3 cases where you have not been able to get the relief  
4 you sought. To complete the picture, have you  
5 found other instances where your agricultural groups  
6 have been able to get the desired relief from the  
7 railways on rate matters?  
8

9 MR. BELYEA: I think there have been a couple  
10 of cases perhaps but these are not so well known to  
11 us. The question might be turned over to Mr. Smith  
12 here, who did the work on these cases.

13 MR. SMITH: I would say the answer is yes.

14 MR. CUMMING: Q. So the picture is  
15 balanced? There are times when you have difficulties  
16 with the railways and other times when they come to  
17 your help?

18 MR. SMITH: Correct.

19 Q. And you get the relief you need?  
20 You suggest at the bottom of page 5, in paragraph 8,  
21 that the waiting period involved in the publication  
22 of agreed charges be reduced. Could you just  
23 explain to us how or in what way you are at a  
24 disadvantage or experience difficulty because of this?

25 MR. BELYEA: Our position is that we would  
26 like to have the waiting period as small as possible,  
27 as short as possible. This is just a tentative  
28 suggestion for making the waiting period shorter  
29 than it is. We believe the waiting period of twenty  
30







Mr. Belyea, Cr.-ex.  
(Cumming)

7428

days was more or less laid down in respect to agreed charges by the former Commission on Transportation.

Q. What I am getting at is this. What advantage will there be in a reduction of the waiting period? How are you hurt by the length of it now?

MR. SMITH: I think the best illustration would be particularly, as indicated here, in instances of perishable products. There is an illustration of the grapes here. If you wait twenty-one days they are fermented. There have been other instances in which the agreed charges have been established and the railroads have unofficially said --- and perhaps this was not from higher levels --- "Go ahead and ship and we will see you are not here for the twenty-one day period." They have taken that position, and therefore I see no reason why they could not go ahead in, say, three days. Perhaps there is a reason, but from our point of view we do not know what it is. If that twenty-one days could be relieved, it would be a help.

Q. You mentioned some instances where the agreed charge rate has been effective in less than the waiting period. Could you give us some particulars about it?

MR. SMITH: I do not want to get any of the railway boys in trouble.

THE CHAIRMAN: You had better not.

MR. CUMMING: Q. Among your recommendations







Mr. Belyea, Cr.-ex.  
(Cumming)

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on page 6, you suggest that there be a Board of some sort, an independent authority, to deal with these agricultural matters and to entertain appeals and make decisions binding on the railroads and shippers. How far would the jurisdiction of that Board extend, in your view? Is this something you envisage just for the Province of Ontario?

MR. BELYEA: I think that the principle that is adopted should be extended over the whole of the country. What we want is a sympathetic authority and by "sympathetic" I mean an authority which understands the problems of agriculture and makes a very strong attempt to understand agriculture's problems better. We have the feeling -- and this is very well supported, I suppose -- we have the feeling that perhaps, while the railroads understand very well the handling of grain in the west, they may not understand so well the problems of agriculture in Ontario and in other eastern Provinces. I think we offered this suggestion in the hope that some means will be found of coming to grips with agricultural problems here.

Q Your suggestion, Mr. Belyea, is that this authority which you suggest be constituted and which would have power to fix rates -- have you any suggestions as to the basis on which those rates would be fixed?

MR. BELYEA: No suggestions ---just that







1 Mr. Smith Mr. Belyea, Cr.-ex. 7430  
2 (Cumming)  
3 they be in a position to understand agriculture's  
4 problems and to act quickly.

5 Q. I see. One more point here. You deal  
6 in paragraph nine and the following paragraphs with  
7 the question of the feed grain assistance, and your  
8 submission is that that subsidy should be extended  
9 to grain producers in Ontario as well as the  
10 Western grain grower. The reason for that, as I  
11 understand from your submission, is that it is only  
12 that way that you can be on the same competitive  
13 footing. Would you be in the same relative  
14 position competitively if that subsidy were abolished  
15 entirely?

16 MR. BELYEA: We feel that the subsidy as  
17 it stands is a benefit to both Western producers  
18 and to Eastern livestock feeders and we would not  
19 approve of the abolition of the subsidy altogether.  
20 We think it would be a quid pro quo if Ontario  
21 producers of coarse grains, feed grains, were given  
22 the opportunity of having the same advantage.

23 Q. In other words, just to have that  
24 parity with other feed growers.

25 MR. BELYEA: Yes.

26 THE CHAIRMAN: Is it not more or less  
27 bringing coal to Newcastle, when you get the Western  
28 grain for your feed?

29 MR. BELYEA: There is that aspect of it.  
30







Mr. Smith, Mr. Belyea, Cr.-ex. 7431  
(Cumming)

There are certain types of grains which I understand are not quite up to the mark in Ontario as compared with Western grains; that is, there is a variability in the standards from year to year according to crop conditions, and we understand that millers of feed grain like to use Western grains in their mixed feeds because of this certainty of the quality over a long period, and what we are concerned about here particularly is this wheat and corn which do not compete with Western grains to the same extent; corn to some extent. But there is a tendency on the part of the milling people to use Western feeds, rather than oats and barley. This is not a complete answer, I suppose.

MR. CUMMING: Q. Passing to another matter on page 8, in paragraph 13, you ask that the Commission investigate the regulations with respect to inter-Provincial movement of trucks, especially with respect to licensing. Has your Association any specific complaints about existing regulations and licensing requirements? Are you suggesting that they might be improved?

MR. BELYEA: No, we are just asking that this be investigated here. We think, shall I say, that there may be difficulty from time to time about trucks from Manitoba meeting the licensing requirements of Ontario and so forth. There are







1 Mr. Smith, Mr. Belyea, Cr.-ex.  
2 (Cumming)

3 different regulations in each Province. It may be  
4 desirable if there was a standardization of these  
5 regulations to assist in truck movement.

6 Q. That is the reason you make this  
7 request?

8 MR. BELYEA: Yes.

9 Q. And I take it you feel there should be  
10 some uniformity?

11 MR. BELYEA: Yes.

12 MR. CUMMING: That is all.

13 THE CHAIRMAN: Mr. Hume?

14 CROSS-EXAMINATION BY MR. HUME:

15 Q. Mr. Belyea, my name is Hume, and I  
16 represent the Canadian Truckers' Association.

17 On this last matter you have been discussing  
18 with Mr. Cumming, I noted in reading your Brief  
19 last night and do I understand the position of your  
20 Federation is that you are suggesting that this  
21 Commission might with some benefit have a look  
22 at the Inter-Provincial and International truck  
23 movement, from the standpoint of regulations and so  
24 on?

25 MR. BELYEA: Yes.

26 Q. And if the Canadian Trucking Association  
27 go into this in their submission in due course,  
28 that is what you had in mind, is it?  
29  
30







1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Hume)

3 MR. BELYEA: Yes.

4 Q. I want you to turn to page 4, and  
5 you are referring on page 4 in paragraph number 6  
6 to some problems that your Federation has with  
7 respect to the rate adjustments, and you talk, about  
8 the middle of the paragraph, about agreed charges,  
9 and starting about the middle of the paragraph you  
10 say:

11 "Up to that year only certain movements  
12 "of canned goods, butter and potatoes  
13 "took place under agreed charge  
14 "arrangements."

15 And your next sentence reads:

16 "Probably the list has not been enlarged  
17 "very much since then"

18 May I ask, has your Association  
19 investigated to see what agreed charges had been  
20 entered into since then?

21 MR. BELYEA: We have not investigated.

22 Q. I have information that between March  
23 24th, 1959, and March 24th, 1960 -- that is the  
24 period I have, the effective dates -- that there  
25 are fifty-four agreed charges out of a total of  
26 three hundred and ten in the country -- that is  
27 a little more than 17% -- agreed charges on  
28 agricultural products originating and being received  
29 in the Province of Ontario. In other words,  
30







Mr. Smith, Mr. Belyea Cr.-ex.  
(Hume)

17% of the agreed charges made last year affected agricultural products, some of them very short mileages, up to 15 miles. Were you aware of that?

MR. BELYEA: No.

Q. So it appears to be that there have been a great many agreed charges since their origin some years ago dealing with agricultural products?

MR. BELYEA: Our information is not up to date.

Q. I have a list of 54 agreed charges effective between those two dates, and if it is of any interest to my learned friends or the Commission I will file the list.

So the fact of the matter seems to be --

MR. SINCLAIR: Pardon me, so that it may be complete, my instructions are that at present there are 83 agreed charges in effect covering grain, corn and their products to and from Ontario.

MR. HUME: Thank you. That is 83 in effect all together?

MR. SINCLAIR: That is right.

THE CHAIRMAN: Would the 54 affect grain particularly?

MR. HUME: Yes. They cover corn products and grain products. 1912 is grain products, 1911 is soya beans, 898 is grain, corn products, grain. It is a variety of these things, and if it is of any





Mr. Smith, Mr. Belyea Cr.-ex.  
(Hume)

interest -- I hate to file an Exhibit unless it is  
going to be of any use -- I have the list.

Q. So so far as agreed charges are  
concerned, your industry isn't doing too badly on  
agreed charges, in this Province at least?

MR. BELYEA: May I ask, are they primary  
products or manufactured products?

Q. They are primary products. They are  
both, I suppose, but they are oats, wheat, grain  
products, sugar beets, mill feeds, soya beans,  
meal, and so on.

MR. BELYEA: It appears that our information  
isn't up to date.

Q. It is also my understanding from the  
D.B.S. statistics that so far as trucks are concerned  
about one-quarter of all the trucks registered  
in this Province are farm trucks, that is 25% --  
it is really only 22.3% -- of all trucks registrations  
in the Province of Ontario -- this, by the way,  
is below the National average for farm products,  
and there seems to be a great movement of goods  
between public carrier trucks and privately-owned  
trucks in this Province. Are you aware of that?

I am reading, Mr. Chairman, from The Motor  
Transport Traffic Statistics for the Province of  
Ontario issued by the Dominion Bureau of Statistics  
for 1958, and the figures shows 22.3 % are farm







Mr. Smith, Mr. Belyea Cr.-ex.  
(Hume)

registrations.

Would that be your understanding, sir?

MR. BELYEA: I am prepared to accept that figure, but I am wondering about the size of the trucks involved.

Q. Would they be all kinds, from the half-ton pick-up to the tractor-trailer?

MR. BELYEA: I think the farm truck as a rule be a rather small freight train.

MR. HUME: Thank you, Mr. Belyea. That is all I have.

THE CHAIRMAN: Mr. Frawley?

CROSS EXAMINATION BY MR. FRAWLEY:

Q. I just want to ask about this difficulty you had in getting the Niagara grapes to Alberta. You say you waited so long for your request for a rate and a reply that "the need of the grower and the opportunity of the carrier had all but vanished", and one of your associates said that in the meantime the grapes fermented. This is what you are referring to?

MR. SMITH: Yes.

Q. Do you associate that with your request that this Commission recommend that the Transportation Act be amended so that you could change the waiting period from twenty days to three days? Do you associate these two problems?







1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Frawley)

3 MR. SMITH: Yes.

4 Q. What kind of rate were you asking for?  
5 Were you asking for an agreed charge?

6 MR. SMITH: They did get the rate for which  
7 they asked, which was fair and reasonable. I am  
8 not sure whether it was an agreed charge or not;  
9 perhaps it was. But the complaint was that it  
10 could be gotten back more quickly.

11 Q. And the rate that was finally published  
12 for you was a satisfactory rate?

13 MR. SMITH: Quite satisfactory.

14 Q. But the particular shipment you are  
15 talking about couldn't use it?

16 MR. SMITH: That is right.

17 Q. You say that you would like the  
18 waiting period reduced from twenty days to three days?

19 MR. SMITH: That is part of it. Sometimes  
20 it takes a rather lengthy time.

21 Q. It is the negotiations of the agreed  
22 charge that seems to me that you are worrying more  
23 about?

24 MR. SMITH: That is the chief concern, in  
25 that the whole negotiations have extended up to  
26 a year.

27 Q. If you think it should be reduced from  
28 twenty days to three days, perhaps you would advocate  
29 that it be eliminated entirely. What particular  
30





Mr. Smith, Mr. Belyea Cr.-ex.  
(Frawley)

advantage would there be from reducing it from twenty days to three days?

MR. SMITH: None. I mean, it could be zero, and there are reasons on the part of the railroad that there was that waiting period. We are just expressing the railroad customers' viewpoint on this question.

Q. It used to be different, and when the Statute was changed they simply put in a provision that the agreed charge is filed, it lies there in the Board's office for twenty days, nobody has anything to say about it at all, and after the twenty days have passed it goes into effect, subject, of course, to certain provisions in The Transport Act that you go to the Governor in Council, and he may or may not -- in my experience he does not -- refer the matter to the Board of Transport Commissioners for investigation. So, that is the present position. The twenty-day waiting period might just as well be one day. What do you say?

MR. SMITH: Let's make it one day.

Q. You would prefer one day?

MR. SMITH: Yes.

Q. And actually you would prefer that the agreed charge be brought into effect without any waiting period at all?

MR. SMITH: Yes, if there is no good reason







1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Frawley)

3 for it to be otherwise.

4 MR. FRAWLEY: Just let agreed charges go  
5 by the board and let agreed charges be entirely in the  
6 hands of the railways.

7 THE CHAIRMAN: Mr. Macdonald?

8 MR. MACDONALD: I have no questions.

9 May I say on behalf of Canadian National  
10 that your Brief will be referred to our Department,  
11 and if you have any difficulties I would suggest  
12 you discuss it with them.

13 THE CHAIRMAN: Mr. Sinclair?

14  
15 CROSS-EXAMINATION BY MR. SINCLAIR:

16 Q. As to these agreed charges on grain  
17 products, would you have checked out the ton-mile  
18 earnings of the railways under these agreed charges?  
19 I am instructed they average around 3 cents to 4 cents  
20 per ten mile. Have you ever checked it out?  
21 Would that be about right?

22 MR. BELYEA: No, I haven't checked them.

23 Q. And I am instructed, around 4 cents  
24 a ton-mile, that in Ontario up to 100, 200 miles  
25 these co-operatives and organizations who deal  
26 with these products are anxious to have agreed  
27 charges made; is that correct?

28 MR. BELYEA: I presume so. I can't say  
29 for certain.  
30







1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Sinclair)

3 MR. SMITH: I would just add to that that  
4 in a great many cases there are railroad facilities,  
5 and the organizations near want to use these  
6 facilities and are trying to find a way to use  
7 these facilities in the face of truck competition.

8 Q. Now, on the bottom of the first page  
9 of your Brief you make reference to railway transport  
10 per capita: You say there is more railway  
11 transport per capita than any country in the world,  
12 and you refer to, "Van der Valk, Economic Future  
13 of Canada", published by McGraw-Hill, and the  
14 reference is to page 78. I could not find that  
15 text: I wonder if you would tell me what year that  
16 was published?

17 MR. BELYEA: About 1955, I believe -- or 1954.

18 Q. On your page 5, you refer to Case (iii)  
19 with respect to a rate on apples, to meet competition  
20 from the U.S.A.: That was Michigan apples going  
21 into Winnipeg and Regina markets?

22 MR. SMITH: Yes.

23 Q. Would you be surprised to learn, when  
24 this Commission was in British Columbia, the O.K.  
25 Valley Fruit Producers objected to the alacrity  
26 with which the railways granted a rate to move  
27 Ontario apples into Winnipeg and Regina, and which  
28 they looked upon as their market; would that  
29 surprise you?  
30





1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Sinclair)

3 MR. SMITH: No, but I hope they would have  
4 given Ontario preference over Michigan.

5 Q. But they thought that was their market  
6 and they should have it, and have it completely?

7 MR. SMITH: Apparently they didn't have  
8 apples available at the time, so Ontario supplied them.

9 Q. Oh, they always have apples available  
10 when they want to get rates for them. My point is,  
11 there are various sections of the country interested  
12 in markets?

13 MR. SMITH: Certainly.

14 Q. And this is a problem that the railways  
15 have to consider. They have to try as best they  
16 can to be fair to all the people.

17 MR. SMITH: We would hope for our British  
18 Columbia friends the same quick action on their  
19 rate requests that we are asking here.

20 Q. On page 8 you mention that at times  
21 there is a shortage of box car equipment, and that  
22 has caused members of your federation some  
23 difficulty. Do you see that point there at the  
24 end of your paragraph 15?

25 MR. BELYEA: Yes. I regret that the witness  
26 who was supposed to have supported this contention  
27 was unable to be here. He was here the first day,  
28 but could not remain.

29 Q. Well, I just wanted you to see if you  
30







1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Sinclair)

3 would agree with this, that box car equipment, like  
4 everything else, has gone up markedly: A box car,  
5 I am instructed, is worth possibly \$8,500. and it  
6 is essential that the box cars be loaded and unloaded  
7 promptly so that maximum utilization can be secured.  
8 You would agree with that?

9 MR. BELYEA: Yes.

10 Q. And would you also agree that one of  
11 the ways to accomplish that is to prod the man a  
12 little bit by having a penalty if he does not load  
13 or unload it in a reasonable time, and this is  
14 particularly so with respect to grain cars?

15 MR. BELYEA: Yes.

16 Q. And your Federation would support  
17 anything that maximized the availability of box  
18 car equipment?

19 MR. BELYEA: Certainly.

20 Q. This is the first Brief from an  
21 Agricultural Federation that I have seen presented  
22 to this Commission that did not deal with one  
23 subject, and that is the rates on the movement of  
24 grain to export positions in Western Canada, sometimes  
25 referred to as the statutory rates on grain: You  
26 have heard of those?

27 MR. BELYEA: Yes, I have.

28 Q. You have given some thought to it?

29 MR. BELYEA: Some, yes.  
30





1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Sinclair)

3 Q. And it is the position of the Ontario  
4 Federation of Agriculture, is it not, that rates  
5 for the movement of all commodities should be at  
6 a just and reasonable level if that is possible?

7 MR. BELYEA: Yes, with the exception that  
8 where you have a solemn agreement in perpetuity  
9 with the Canadian people and the C.P.R., that  
10 perhaps this comes outside the province of our  
11 discussion.

12 MR. FRAWLEY: You are led into it, though,  
13 Mr. Belyea; just carry on.

14 THE CHAIRMAN: You didn't strike oil there,  
15 Mr. Sinclair.

16 MR. SINCLAIR: I think, possibly, I have  
17 seen something which, if I develop it a little bit  
18 further, I will strike, maybe not oil, but very  
19 high grade gasoline.

20 Q. Your organization, indeed, discussed  
21 this question of the statutory rates sometime ago  
22 and passed a resolution, didn't it?

23 MR. BELYEA: Not the Ontario Federation of  
24 Agriculture, that I recall.

25 Q. Some of the members of your organization  
26 passed some resolutions which have come to your  
27 attention?

28 MR. BELYEA: Some of our representations  
29 to the Canadian Federation of Agriculture, I think,  
30







1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Sinclair)

3 have discussed this.

4 Q. Was there not a resolution passed  
5 by members of the farm groups in Ontario saying  
6 the Crows Nest Pass grain rates should be abolished  
7 because they were unfair to Ontario farmers?

8 MR. BELYEA: It is my understanding that  
9 the group that passed this resolution has abandoned  
10 that position.

11 Q. And do you know the reason why they  
12 abandoned it?

13 MR. BELYEA: I don't know for certain. I  
14 didn't attend their meetings.

15 Q. If they had known that the farmers  
16 were not going to pay any more for the movement of  
17 their grain, but that it was the position of the  
18 railways the economic situation of the Western farmer  
19 was such that he could not pay more, but that  
20 the maintenance of this Western Canadian grain  
21 growing was an economic benefit to the whole of  
22 Canada and, therefore, it should be an obligation  
23 on the people of Canada, I suggest to you their  
24 position might have been different?

25 MR. BELYEA: I can't answer that.

26 Q. You are a farmer and a man interested  
27 in these farm organizations of Ontario, are you not?

28 MR. BELYEA: Yes, sir.

29 Q. And you know something about the situation  
30





1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Sinclair)

3 of the western grain grower?

4 MR. BELYEA: Yes, I do know something.

5 Q. And you would agree that the maintenance  
6 of the Western Canadian grain growing economy is of  
7 interest and, indeed, is essential to the economic  
8 well-being of all of Canada?

9 MR. BELYEA: Yes.

10 Q. Would you also agree that anything  
11 that can be done to assist grain from the West  
12 to move to export positions so that it can compete  
13 in world markets is something that should be done?

14 MR. BELYEA: I feel this is desirable.

15 Q. You would also agree, would you not,  
16 that the railways should not be compelled to carry  
17 grain at unjust rates?

18 MR. BELYEA: I am not convinced that they  
19 are unjust.

20 Q. Let me do it again: You would also  
21 agree that the railways should not be compelled to  
22 carry grain at unjust rates?

23 MR. BELYEA: No, unless they had agreed to  
24 carry them at certain rates.

25 Q. Well, Mr. Belyea, we will argue that.  
26 I would tell you that the position of the railways  
27 is that since 1925 the agreement no longer governs  
28 the application of the grain movement. It merely  
29 was used to fix and describe the level at which  
30 the grain was to move. Now, that is a legal







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2 (Sinclair)

3 position, and it is said by the Commission we should  
4 not deal with this except at a later date. I am  
5 going to ask you to keep that in mind when I am  
6 putting these questions to you.

7 THE CHAIRMAN: In fairness, Mr. Sinclair,  
8 that is your contention, but not Mr. Frawley's  
9 for instance.

10 MR. SINCLAIR: No, it is not Mr. Frawley's  
11 contention.

12 Q. Indeed, my contention, Mr. Belyea, has  
13 been accepted, shall I say, by the Turjeon Royal  
14 Commission of 1949-1950, and also I would say in a  
15 case that was decided by the Supreme Court of Canada,  
16 but, notwithstanding that, that does not necessarily  
17 say that Mr. Frawley might have a different view --  
18 which he has. I just want you to know that I am not  
19 without some support for the position I take.  
20 My question, then, to you is, your Federation would  
21 not support anything that compelled the railways  
22 to move grain at an unjust rate without some action  
23 being taken to compensate them?

24 MR. FRAWLEY: What about the grain they move  
25 voluntarily at Crows Nest Pass levels; such as grain  
26 moving from Port Arthur to Halifax at .6 cents per  
27 ton mile as against .5 cents per ton mile -- these  
28 vicious Crows Nest Pass rates. That is just to let  
29 the witness, who you are leading and leading, have  
30 a little background.





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3 MR. SINCLAIR: Well, I will fill in all the  
4 background.

5 MR. BELYEA: I think I ought to say that we  
6 have no policy on this at all.

7 MR. SINCLAIR: Q. What is your position  
8 in the organization?

9 MR. BELYEA: I am an economist for the Ontario  
10 Federation of Agriculture.

11 Q. Seeing you are a professional economist,  
12 I am going to ask you to give the Commission your  
13 views personally on the matter?

14 MR. BELYEA: I feel I stated my position  
15 earlier. I have seen no evidence, I have heard no  
16 evidence, to the effect that this so-called Crows  
17 Nest Pass agreement is invalid, or that any of the  
18 terms of the agreement have been, shall I say -- ---

19 Q. Changed?

20 MR. BELYEA: Supplemented.

21 Q. Changed?

22 MR. BELYEA: I have heard no evidence that  
23 they have been changed.

24 Q. I see.

25 MR. BELYEA: So, I must say that while I  
26 agree with your contention, , personally, that the  
27 railroads perhaps should not be expected to carry  
28 goods at rates which do not yield a profit, I think  
29 there is an exception in the Crows Nest Rates where  
30 the agreement was made, and until there is evidence







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3 which satisfies me that the parties to this agreement  
4 have not fulfilled their commitments under the  
5 agreement, then I must go along with the Crows Nest  
6 agreement.

7 Q. I am not asking whether you go along  
8 with the Crows Nest Pass agreement or not, what I am  
9 asking you, and I think you have answered it, but  
10 just to make it quite clear on the record is this:  
11 That you do not support the view that the railways  
12 should be compelled to move grain at unremunerative  
13 rates and if they are and that is required in the  
14 national interest something should be done about  
15 it by way of recognition by the Federal Government  
16 of their obligations in the national interest.

17 MR. BELYEA: Provided the railways have done  
18 all they can.

19 Q. Did you shake your head "yes", and  
20 this is a proviso?

21 MR. FRAWLEY: I did not hear any "yes".

22 MR. SINCLAIR: He nodded his head.

23 MR. FRAWLEY: No, he just shifted his position.

24 Q. I think it is important for Mr. Belyea  
25 to put on this record what he really thinks and that  
26 is what I am giving him an opportunity of doing.  
27 Whether I agree with him or not does not matter.

28 MR. BELYEA: I understand that.

29 A. May I start again and ask you this question  
30





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2 (Sinclair)

3 and perhaps my friend will allow Mr. Belyea to  
4 deal with the record at this time because his  
5 opportunity on the record will come later.

6 Mr. Belyea, my question to you is this: It would  
7 be your position that the railways should not be  
8 compelled to move grain at an unremunerative rate  
9 and if the movement of that grain at that rate was  
10 necessary to the national interest then the obligation  
11 for the Federal Government should be accepted on  
12 behalf of the people of Canada. Do you agree with  
13 that?

14 MR. BELYEA: You are speaking of Western  
15 grain?

16 Q. Yes, to export position.

17 MR. BELYEA: Well, you see in answering  
18 that, I am not a transportation engineer or  
19 economist and I have not considered this question  
20 very deeply, I have not studied the figures. I  
21 understand that the Board of Transport Commissioners  
22 has upheld the notion that the railways should  
23 not be instruments of national policy. Is that  
24 the way it is put? That they should not be forced  
25 to give special consideration in the interest of  
26 national policy to any particular shipper. I  
27 think I am not even sure of that but I have been  
28 told that. Now, I find it very difficult to  
29 answer your question on the basis of so little  
30 experience in this field.







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2 (Sinclair)

3 Q. You are an economist, that is your  
4 training?

5 MR. BELYEA: Agricultural Economist.

6 Q. But in agricultural economics you are  
7 concerned with allocation of resources, proper  
8 allocation of resources?

9 MR. BELYEA: Yes.

10 Q. And you have done substantial studying  
11 in the proper allocation of resources?

12 MR. BELYEA: Some, yes.

13 Q. And you do know that basically if  
14 proper charges are not made to reflect costs the  
15 inevitable result is misallocation; that is basic,  
16 is it not?

17 MR. BELYEA: What about these costs?

18 Q. I am asking you is that not basic?

19 MR. BELYEA: Yes.

20 Q. And, therefore, assume with me that  
21 grain is not moving - that grain moving to export  
22 positions in Western Canada is not remunerative  
23 or properly remunerative, then it follows, does it  
24 not, and as an agricultural economist you will agree,  
25 it follows that there is misallocation of resources  
26 arising from that?

27 MR. BELYEA: Yes, I would think I would  
28 have to agree there.

29 Q. And the only reason, as an economist,  
30





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1  
2 you would agree that the grain rates and shippers  
3 and receivers of that grain should not be charged  
4 cost of transportation would be because of some  
5 external force that would not make that possible.  
6 As an economist you would agree with that?

7 MR. BELYEA: Yes.

8 Q. From your knowledge of agriculture  
9 you would agree that the situation in importing  
10 countries for Western grain and in exporting  
11 countries competing for the sale of grain our  
12 external forces do not allow the normal rules to  
13 be applied. You know of those?

14 MR. BELYEA: Yes.

15 Q. And it is for these reasons that  
16 special provisions are required in the national  
17 interest of Canada to move grain at the existing  
18 rates?

19 MR. BELYEA: Yes.

20 Q. Do you agree with that?

21 MR. BELYEA: Yes.

22 Q. Now, in the light of that, as an  
23 economist I am asking you if you would agree, if it  
24 is proved to this Commission, this Commission comes  
25 to the conclusion that the contention of the railway  
26 are right, that grain is not, export grain in  
27 Western Canada, is not in its proper place in the  
28 freight rate structure, that is it is a burden on  
29 the railways and other shippers, would you not agree  
30







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2 (Sinclair)

3 that it is necessary for the Government to accept  
4 that responsibility, to take that burden and accept  
5 it as a national obligation?

6 MR. BELYEA: This leaves aside this agreement?

7 Q. Yes, that is a matter -- as I say,  
8 it leaves it aside.

9 MR. BELYEA: I would say if the Canadian people  
10 decided that this is a just way to handle the  
11 railways problem then that is all right. The  
12 Canadian people made the agreement.

13 Q. The Canadian people -- you see, Mr.  
14 Belyea, according to my position and I have given you  
15 the support I think for it, made that decision to  
16 satisfy that agreement in 1925.

17 MR. FRAWLEY: That is what you say.

18 THE CHAIRMAN: I do not think we are getting  
19 any place, Mr. Sinclair, with the cross-examination.

20 MR. SINCLAIR: Well, Mr. Chairman, if that  
21 is so, if that is the ruling of the Commission then  
22 I bow before it.

23 MR. FRAWLEY: Mr. Chairman, it is too bad  
24 we have to get into this sort of thing all the time  
25 but as far as I am concerned I will put a few  
26 questions. I hope I do not lead him any more than  
27 my friend led him.

28 MR. SINCLAIR: Mr. Chairman, I think my  
29 friend should be told once and for all that I have,  
30 in trying to assist the Commission, an absolute





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2 (Sinclair)

3 and perfect right to ask questions in the way I  
4 put them to this witness. I think you, Mr. Chairman,  
5 have pointed out to my friend on a number of occasions  
6 when he has made these remarks that the type of  
7 question I have been putting are completely proper  
8 and I think it is about time he was told to quit  
9 wasting time and being silly about these things.

10 MR. FRAWLEY: As far as I am concerned I have  
11 the same duty to assist the Commission and when I  
12 find my friend, as I see it, is distorting the  
13 situation and not quoting complete truth to the  
14 witnesses then I think I have a right to ask some  
15 questions.

16 MR. SINCLAIR: Go ahead.

17  
18 CROSS-EXAMINATION BY MR. FRAWLEY:

19 Q. Mr. Belyea, if export grain in  
20 Western Canada is a deficit traffic and if branch  
21 line operation is a deficit traffic and if the  
22 operation of passenger trains is also a deficit  
23 traffic do you see any more reason for a Federal  
24 subsidy in one case than in the other?

25 MR. BELYEA: I cannot, no.

26 Q. Now, you talked to my friend about  
27 an agreement and he said something to you about an  
28 agreement and I will call your attention to another  
29 agreement, the agreement made in 1881 whereby the  
30







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2 (Frawley)

3 C.P.R. was permitted to build its line across  
4 Western Canada without paying any taxes on that main  
5 line. Have you heard that the Canadian Pacific  
6 is willing to give up that agreement like it wants  
7 to get out of the Crows Nest Pass agreement?

8 MR. SINCLAIR: Mr. Chairman, if my friend  
9 has raised a question that I have not put all the  
10 facts, I am sure you will admit, fair as he is  
11 he will admit, that he has not put the full story  
12 on that one.

13 THE CHAIRMAN: Well, I think we can leave  
14 the matter with the Commission, Mr. Frawley, at this  
15 stage.

16 MR. FRAWLEY: I just have one more question.  
17 The case of the Canadian Pacific to this Commission  
18 is that its rates should be raised, its rates to  
19 move export grain should be raised not as against  
20 the farmer but its revenue should be raised to the  
21 point where it will obtain full costs, total costs,  
22 variable costs plus overhead costs, fully distributed  
23 costs. Is there something wrong with that?

24 MR. SINCLAIR: Yes, Mr. Chairman, he has  
25 mis-stated what the Canadian Pacific position is.  
26 The position is, and I will repeat it if my friend  
27 can not, and it is also the position, I think, of  
28 my friends from the Canadian National -- in fact  
29 I am sure it is -- is that grain rates should be  
30





1 Mr. Smith, Mr. Belyea Cr.-ex.  
2 (Frawley)

3 on a just and reasonable level, they should pay their  
4 variable costs and a fair contribution above that  
5 and in this case that fair contribution happens to  
6 be the total cost of the movement of grain.

7 MR. FRAWLEY: Having taken my plain question  
8 and put some embroidery on it I will go back to what  
9 I said, that the Canadian Pacific seeking what they  
10 call a fair and reasonable rate want full costs,  
11 want fully distributed costs to move grain to export  
12 positions in Western Canada. That is the premise  
13 of my question. Do you think it would be fair  
14 and reasonable for grain, the basic commodity of  
15 grain moving to world markets in Western Canada  
16 to pay full cost when a highly valued commodity such  
17 as coil steel, sometimes known as skelp, will  
18 move from Hamilton into Vancouver at a great deal  
19 less than full cost. Would you believe that was  
20 a fair and equitable freight rate structure?

21 MR. SINCLAIR: Where is any proof of that  
22 statement?

23 MR. FRAWLEY: The proof is from the witness  
24 I asked in Ottawa, that skelp is not getting full  
25 cost, something less.

26 THE CHAIRMAN: You put the question to Mr.  
27 Belyea, can he answer it.

28 MR. BELYEA: I can only say it does not seem  
29 proper to me but I am not familiar with the situation.  
30







1 Mr. Smith, Mr. Belyea Cr.-ex.

2 THE CHAIRMAN: The examination is closed.

3 BY COMMISSIONER BALCH:

4 Q. I have just one question.

5 Could you tell me what the meaning is on page 8,  
6 paragraph 13, where you say:

7 "Secondly, the Commission is asked to  
8 initiate research into the question of whether  
9 present methods of handling and hauling  
10 grain might be improved."

11 Have you any idea what they might mean  
12 by "might be improved"?

13 MR. BELYEA: As nearly as I can understand  
14 it, there is a feeling about the grain handling  
15 organization in South-western Ontario, as the old  
16 box car type of grain equipment is outdated.  
17 Apparently they do not feel that there are facilities  
18 in Ontario, aside from the Lakehead, for handling  
19 grain, in these cars. They are wondering whether  
20 some other car might be devised, perhaps a hopper  
21 car or something of that description, which would  
22 facilitate the handling of grain. It is the feeling  
23 that box cars are passe, as far as we are concerned.  
24 But this is just a request for research into the  
25 question of grain handling equipment.

26 Q. You know, of course, that the grain  
27 cars are usually classified. When they are shipped  
28 for loading grain they are usually classified  
29 in the yards. There is a type for loading grain.  
30





1 Mr. Smith, Mr. Belyea  
2 (Balch)

3 But you feel there should be some other kind of  
4 car -- is that the idea?

5 MR. BELYEA: Yes.

6 BY COMMISSIONER ANSCOMB: Q. I was just interested in  
7 your problem of grapes, and I would like to ask you  
8 whether that is not a seasonal problem more than a  
9 freight problem? Is it not a fact that, if  
10 your season happens to be ten, twelve or fourteen  
11 days earlier than usual, that market in Alberta  
12 will be supplied by British Columbia?

13 MR. SMITH: That is correct.

14 Q. If that is so, if that is a freight  
15 problem, if the season is normal in British Columbia,  
16 would the freight problem have any benefit --  
17 wouldn't the market have already been taken by British  
18 Columbia?

19 MR. SMITH: It would in that instance, but  
20 if the rate is established now and three years from  
21 now the same situation arises they would be  
22 immediately shipped and not held up, because the  
23 freight rate would exist. We would like to see  
24 the machinery speeded up so that this could be  
25 handled if the need arose.

26 Q. But if the season was ten, twelve or  
27 fifteen days ahead, you could get into the market  
28 and secure it?

29 MR. SMITH: We could with the newly established  
30







1 Mr. Smith, Mr. Belyea

2 freight rates, yes.

3  
4 BY COMMISSIONER MANN: Q. Mr. Belyea -- or  
5 I do not know who will answer this -- we had some  
6 discussion earlier about this waiting period on  
7 agreed charges. You have noted in your Brief  
8 that competitive rates can be put in on three days'  
9 notice, and I suggest that in some cases it could  
10 be less than that. You know, of course, that the  
11 railways, if there is urgency in the matter,  
12 could prior to the effective date of the agreed  
13 charge establish the same rates named in the agreed  
14 charge as a competitive rate, on much less than  
15 twenty days --- did you know that?

16 MR. BELYEA: No, we didn't know that.

17 Q. So the waiting period for an agreed  
18 charge need not stand in the way of the movement  
19 of such things as grapes. I am interested in your  
20 thoughts about that waiting period. If the  
21 waiting period for the agreed charges and  
22 competitive rates should be reduced, would you think  
23 it proper also that the waiting period from the  
24 railways under the law on increases should be  
25 reduced?

26 MR. BELYEA: We have not given that any  
27 consideration.

28 Q. On page 6, you have some thoughts,  
29 in part (b) of paragraph 8, in regard to the  
30





1 Mr. Smith, Mr. Belyea  
2 (Mann)

3 establishment of a permanent independent authority.  
4 Now, this body that you have in mind -- you have  
5 in mind a body for agriculture? Do you think there  
6 should be one for all industries rather than for  
7 agriculture?

8 MR. BELYEA: I suppose it might include  
9 investigation of the needs of other industries.  
10 I must confess, though, that we had agriculture in  
11 mind.

12 Q. You did not go beyond agriculture in  
13 this?

14 MR. BELYEA: No.

15 Q. Would you be good enough to indicate  
16 to the Commission in what respect the points marked  
17 (II) to (IV) of sub-section (b) of paragraph 8  
18 cannot now be handled by the Board of Transport  
19 Commissioners? The Board can make an award on  
20 decisions of the railways in response to requests  
21 for rate adjustments, if you bring an application.  
22 I am looking at sub-section (IV) of this paragraph.

23 MR. BELYEA: We had the impression that  
24 these were handled first of all by the Canadian  
25 Freight Association, and it was up to that body to  
26 make some kind of decision with respect to  
27 applications for reduced rates or agreed charges  
28 or what have you, and that these requests or  
29 applications would be held up for some considerable  
30







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3 period while the Canadian Freight Association  
4 discussed them. We were hoping that this  
5 suggestion of an independent authority, in a sense  
6 to supersede the Canadian Freight Association,  
7 would act whenever an answer from the C.F.A. was  
8 not forthcoming. Supposing a shipper wishes to  
9 get a different rate, he would apply to the  
10 Canadian Freight Association --- first of all to the  
11 railroad and then apparently to the C.F.A.

12 Q. If it is a case involving both  
13 railways, yes.

14 MR. BELYEA: And if the C.F.A. did not give  
15 an answer within a reasonable length of time it  
16 could appeal to this authority for some kind of  
17 action. Even before an appeal to this authority,  
18 the authority could be placed in a position where  
19 the C.F.A., for the sake of getting more information  
20 on a particular commodity, could go to the authority  
21 and ask for it at the point where it was trying  
22 to make up its mind whether to grant the application.

23 Q. But that information surely would  
24 be railway information plus trade information which  
25 the railways should get in the ordinary course of  
26 events of making up their minds what to do with  
27 that thing. In what respect do you think the  
28 authority, which would be a Government authority,  
29 would be helpful?  
30





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2 (Mann)

3 MR. BELYEA: We have an idea that this  
4 authority might be in a position to get more  
5 information than was available to the C.F.A.

6 Q. Do you think that the authority should  
7 consist of people -- and we are dealing with  
8 agriculture now -- from the Ontario Federation of  
9 Agriculture or the Canadian Federation of Agriculture?

10 MR. BELYEA: It might include one person.

11 Q. And representatives of the railways,  
12 the trucking industry etc?

13 MR. BELYEA: Yes.

14 COMMISSIONER MANN: Thank you very much.

15 BY COMMISSIONER PLATT: Q. There is just one  
16 question that I would like to put to you. Would  
17 you look at page 7, paragraph eleven, section (b)?  
18 Could you tell me where this corn comes from in  
19 the United States, the originating point and its  
20 destination in Canada for processing?

21 MR. BELYEA: I understand it comes from  
22 around Chicago. It may come from Iowa. We have  
23 had one Exhibit, which was not included in the Brief  
24 because we felt it did not say anything very important.  
25 It would appear that some processors of corn in  
26 Ontario find it to their advantage to bring corn in  
27 from Chicago on a through rate to Boston and it  
28 would stop off at London, say, and they would bring  
29 this corn in from Chicago over Canadian lines, we  
30







1 Mr. Smith, Mr. Belyea  
2 (Platt)

3 are told, at a cheaper rate than the movement of the  
4 same kind of corn from Chatham with the same stop over  
5 at London for processing. It is a very difficult  
6 thing to pin down, I would say, because it is clear  
7 that there are a lot of facts that were not available  
8 to us. We understand there is a discrepancy of  
9 one-quarter of a cent a hundred weight, to the  
10 advantage of Chicago corn, but this did not seem to  
11 be a very substantial item. We thought there must  
12 be more to it than that. The facts are that this  
13 processor of corn in London does get his corn from  
14 Chicago in preference to Chatham corn, and this  
15 is the point here.

16 Q. Do you suppose it has anything to do  
17 with the quality of the corn?

18 MR. BELYEA: I think that both Chicago and  
19 Chatham corn are kiln-dried, natural dried corn.  
20 One could be just as good as the other.

21 Q. What about duty?

22 MR. BELYEA: The duty, we understand, is  
23 more or less counter-balanced by the exchange. It  
24 is 8 cents a hundred weight on corn, and the  
25 exchange is about five per cent.

26 Q. Your corn in Ontario is grown practically  
27 next door to this factory?

28 MR. BELYEA: Within one hundred miles -- less  
29 than one hundred.  
30





1 Mr. Smith, Mr. Belyea  
2 (Platt)

3 Q. And yet the argument is that it costs  
4 more to move that corn one hundred miles than to bring  
5 corn from Iowa?

6 MR. BELYEA: I think it is just the fact that  
7 this particular company which is a substantial user  
8 of corn and is an American Company buys its corn in  
9 Chicago because it can get a through rate to Boston  
10 cheaper than it could get this corn in Chatham on  
11 the same through rate to Boston. This is the story  
12 we have been told, and we are not in a very good  
13 position to substantiate it, I am afraid.

14 COMMISSIONER PLATT: Very good. I will  
15 tell you the rest of my troubles some other time  
16 when we have more time.

17 THE CHAIRMAN: Thank you, Mr. Belyea. We  
18 are sorry you were delayed three days, but it is  
19 probably worth while.

20 MR. SMITH: We are sure you are very sympathetic.

21 MR. BELYEA: Thank you very much. I just  
22 want to say that this gentleman next to me is Mr.  
23 William Tilden, who is the first vice-president of  
24 the Ontario Federation of Agriculture. He was  
25 here the first day and managed to join us again today.  
26 -----Short recess.







1  
2  
3 SUBMISSION OF  
4 THE BOARD OF TRADE OF METROPOLITAN TORONTO

5 APPEARANCES

6 J.C. NOSEWORTHY, Traffic Manager.  
7

8 MR. NOSEWORTHY: Gentlemen, The Board of  
9 Trade of Metropolitan Toronto, an organization  
10 composed of approximately 9,000 members engaged  
11 in all branches of commerce and industry, presents  
12 for consideration the following views and observations  
13 on the question of Canada's railway problems which  
14 is currently the subject of a Royal Commission  
15 inquiry and report:

16 1. The Board of Trade of Metropolitan  
17 Toronto includes within its membership a  
18 substantial number of commercial and  
19 industrial firms whose goods and products  
20 move in and out of this City by rail  
21 transportation. These firms, in common with  
22 all other shippers and receivers of freight  
23 traffic, are vitally interested in the  
24 maintenance and development of a transportation  
25 system that will ensure adequate service  
26 at reasonable rates free from unjust  
27 discrimination and/or unfair preference.  
28

29 These principles of transportation, among  
30





1  
2 others, have been important factors in the  
3 continued development of our rail transportat-  
4 ion system. Consequently, any proposals involv-  
5 ing changes in these principles should be care-  
6 fully examined to ensure that such revisions  
7 would be desirable and in the public interest.

8  
9 2. In its submission to the Turgeon  
10 Royal Commission on Transportation dated  
11 April 6, 1950, the Board pointed out that  
12 it is in the best interests of Canada and  
13 of the users of transportation that the  
14 two main transportation systems in this  
15 country should continue to operate on a  
16 competitive basis in accordance with  
17 recognized business principles and that they  
18 should not be required to carry traffic  
19 at rates which can be shown to be  
20 uneconomical and unrealistic from the point  
21 of view of transportation costs and operations.

22 3. In addition, in a further submission  
23 to the Special Committee of the House of  
24 Commons on Railway Legislation appointed  
25 in 1951 under the Chairmanship of Mr.  
26 Hughes Cleaver to consider Bill No. 12  
27 "An Act to Amend the Railway Act", the Board  
28 of Trade of Metropolitan Toronto stated among  
29 other things:  
30





1  
2 (a) That any revision of the  
3 existing freight rate structure should be  
4 accomplished with the least possible  
5 disturbance to the present system of  
6 marketing and distribution of goods and  
7 services.

8 (b) That the railways should be  
9 allowed complete freedom of action within  
10 the framework of the present legislation,  
11 to maintain such rates and to establish  
12 such new rates, as long as such rates are  
13 compensatory, as may be necessary to meet  
14 the needs of industry and to encourage  
15 and promote the development of new  
16 industries in all parts of Canada.

17 That these principles have been  
18 recognized insofar as rate making is concerned  
19 will be generally acknowledged. The  
20 Board simply draws attention to them as  
21 factors which should be preserved in any  
22 decisions affecting the freight rate structure.

23  
24 4. The history of the statutory and related  
25 rates prescribed for grain and grain products  
26 traffic carried in Western Canada has been  
27 adequately covered in the railways'  
28 submissions and we doubt if this Board could  
29 add anything new to what they have said on the  
30







1  
2 subject. It would appear, however, that  
3 as long as it remains Government policy to  
4 maintain such rates at the level fixed by  
5 statute some arrangement is necessary  
6 whereby the railways will be reimbursed for  
7 losses, if any, sustained by reason of a  
8 policy which requires them to carry this  
9 traffic at rates unrelated to present costs.

10  
11 5. The Board's views on this subject were  
12 expressed in the above-mentioned submission to  
13 the Turgeon Royal Commission on Transportation  
14 when it made an observation on the railways'  
15 brief respecting the statutory rates to the  
16 general effect that the railways should  
17 not be required to provide services at rates  
18 which do not yield a fair and reasonable  
19 return. It was the Board's contention  
20 at that time, which we reaffirm, that should  
21 any group or groups require assistance or  
22 the economic conditions in any area of  
23 Canada be such that in either case it becomes  
24 a matter of national importance that aid  
25 be granted, a national policy with respect  
26 thereto should be established after the  
27 most thorough investigation and necessary  
28 assistance extended directly to those in  
29 need in such manner as will spread the cost  
30 fairly and equitably over the whole





1  
2 populace of Canada rather than perpetuate  
3 the present system of placing an undue burden  
4 upon other users of transportation. Any  
5 grants-in-aid made in implementing national  
6 policies should be clearly shown in  
7 Government accounts so that the public may  
8 be informed of the annual cost of such aid.

9  
10 Mr.F.W.Anderson, Secretary and Director of  
11 Research, Royal Commission on Transportation, Daly  
12 Building, P.O. Box 1173, Ottawa, Ontario.

13 February 10, 1960.

14 Dear Mr. Anderson:

15 On behalf of the Canadian Retail  
16 Federation, I desire to acknowledge receipt  
17 of your letter of January 26th, 1960,  
18 announcing the hearings by the Commission  
19 in Toronto, on March 14th, 15th and 16th,  
20 commencing each morning at 10 a.m., in the  
21 Senate Chamber, Main Administrative Building,  
22 University of Toronto.

23 The Canadian Retail Federation has  
24 instructed me to report, that after a careful  
25 review and examination of the briefs  
26 submitted by The Canadian Manufacturers'  
27 Association, The Board of Trade of Metropolitan  
28 Toronto and The Canadian Industrial Traffic  
29 League, Inc., the Federation, in principle  
30







1  
2 desires to vouch its concurrence in the  
3 submissions by the three organizations.

4 At the hearings, I will be representing  
5 the Canadian Retail Federation and I pray that  
6 the Commission will allow me to raise any  
7 extemporaneous questions, if, in my judgment,  
8 the answers to the questions may be of some  
9 help to your Commission and all parties  
10 interested.

11 The Robert Simpson Company Limited.

12 (The Canadian Industrial Traffic League, Inc.,  
13 brief is to be heard in Ottawa at the hearings  
14 scheduled to open on March 21st. 1960.)

15 THE CHAIRMAN: Mr. Cumming?

16 MR. CUMMING: Thank you, Mr. Chairman.

17  
18 CROSS-EXAMINATION BY MR. CUMMING:

19 Q. Mr. Noseworthy, in your submission  
20 you refer in the second paragraph to the views  
21 expressed by the Turgeon Royal Commission to the  
22 effect that the railways should not be required to  
23 carry traffic at rates shown to be uneconomic and  
24 that they should carry on in accordance with  
25 recognized business principles. Does your  
26 Association have any views or do you take any  
27 position on the question as to the co-operation that  
28 should be required between the railways? What  
29 I have in mind, Mr. Noseworthy, is, does the  
30





1 Mr.Noseworthy Cr.-ex.  
2 (Cumming)

3 Toronto Board of Trade think that the railways  
4 should be compelled to co-operate in such matters  
5 as joint terminal facilities and the elimination of  
6 duplicate facilities and matters of that sort?

7 A. Well, our position would be on that  
8 point, Mr. Cumming, that if it would facilitate  
9 the movement of the traffic and would be more  
10 advantageous and economic to operate in that manner,  
11 I see no reason why they shouldn't co-operate.

12 Q. I appreciate that. But is it your  
13 position that the railways should work it out between  
14 themselves?

15 A. I think it should be left to the  
16 two railways to work out a situation like that.

17 Q. In paragraph 3 (b) on the second  
18 page you say :

19 "That the railways should be allowed complete  
20 freedom of action within the framework of the  
21 present legislation, to maintain such rates  
22 and to establish such new rates, as long as  
23 such rates are compensatory ....."

24 When you use the term "compensatory"  
25 do you mean fully distributed costs or do you mean  
26 rates which are merely to pay out-of-pocket expenses?

27 A. We mean a rate that would give them  
28 a profit; in other words, a fair return on a rate  
29 that might be established.  
30





1 Mr.Noseworthy Cr.-ex.  
2 (Cumming)

3 Q. There has been a great deal of discussion  
4 about the question of costs before this Commission,  
5 Mr. Noseworthy. Do you mean, when you say compensat-  
6 ory, a rate which returns out-of-pocket costs  
7 and makes some contribution to overhead, or do you  
8 mean a rate which returns not only out-of-pocket  
9 costs but overhead as well?

10 A. We mean a rate that is established  
11 on the movement of a particular commodity from here  
12 to here and a fair and reasonable rate, bringing the  
13 railway company a return on that particular rate.

14 Now, whether that return would be based on the cost  
15 of service or the value of service, I really wouldn't  
16 know.

17 Q. In paragraph 4 you refer to the question  
18 of statutory and related rates on grain movements.  
19 Does your Association feel that the shippers in  
20 the Toronto area have been hurt by the maintenance  
21 over the years of the Crows Nest Rates?

22 A. Well, I feel, and so do some of our  
23 members, that they are perhaps paying more in rates  
24 for the movement of commodities than would be the  
25 case if those rates bore their proper share of  
26 the cost of transportation.

27 Q. And you suggest that there should be  
28 a subsidy. Does your Association have any views  
29 as to how that subsidy should be paid?  
30







1 Mr.Noseworthy Cr.-ex.  
2 (Cumming)

3 A. No, we haven't, Mr. Cumming. Frankly,  
4 we don't like the word "subsidy" .

5 Q. Dealing generally with this question  
6 of subsidies, does your Association consider that  
7 there should be subsidies for other unremunerative  
8 services, if there be any, carried on by the railways?

9 A. We have never considered that point.

10 Q. And you have no submissions to make on  
11 that?

12 A. No.

13 MR. CUMMING: That is all I have to ask.

14 THE CHAIRMAN: Mr. Hume?

15 MR. HUME: No questions at the moment.

16 THE CHAIRMAN: Mr. Frawley?

17  
18 CROSS-EXAMINATION BY MR. FRAWLEY:

19 Q. Mr. Noseworthy, I suppose the degree  
20 to which the Toronto area shipper might be hurt  
21 by the rates which move grains to export positions  
22 in Western Canada would be minimized greatly by the  
23 fact that there is a greater pervasiveness of agreed  
24 charges and non-competitive rates in the Toronto  
25 area?

26 A. Yes.

27 Q. And the only way in which the other  
28 shippers could be hurt would be to the extent to which  
29 those export grain rates were or could be established  
30





Mr. Noseworthy Cr.-ex.  
(Frawley)

at below the out-of-pocket costs and not contribute anything at all to overhead?

A. Yes.

THE CHAIRMAN: Mr. Macdonald?

MR. MACDONALD: No questions.

THE CHAIRMAN: Mr. Sinclair?

CROSS-EXAMINATION BY MR. SINCLAIR:

Q. Mr. Noseworthy, when you use the phrase on page two that rates should be compensatory, would it be correct that what you have in mind in your answers to my friends is that they should be at such a level that they would improve the net position of the railways?

A. Yes.

Q. And the degree to which they were able to improve in that position would depend on a number of factors, all of which should be weighed?

A. Yes.

Q. And insofar as rates were able to make full contribution to total costs and not be unreasonable, your organization would support that principle?

A. Yes, we would, Mr. Sinclair.

THE CHAIRMAN: Thank you, Mr. Noseworthy.

BY COMMISSIONER MANN: Q. In paragraph 2, Mr. Noseworthy, you say that the two main transportation







1 Mr. Noseworthy  
2 (Mann)

3 systems in this country should continue to operate  
4 on a competitive basis in accordance with recognized  
5 business principles. Would you think that these  
6 recognized business principles would allow for a  
7 rate competition between the two railways, have  
8 each of the railways publish its own rates  
9 competitive with the other?

10 A. Well, you know, competition is the life  
11 of business. We think that they should be  
12 permitted to compete with other forms of  
13 transportation.

14 Q. With other forms of transportation.  
15 What about with each other ratewise? If Canadian  
16 National has an advantage to a certain point,  
17 a competitive point, should they be able to publish  
18 a rate that is considerably lower than Canadian  
19 Pacific whose costs might be higher, or vice versa?

20 A. I think they should show a need for  
21 such a rate. I don't think they should be allowed  
22 to publish a rate below the existing competitive  
23 rate.

24 Q. Do you think that they should be  
25 allowed to compete with each other, or have you not  
26 given any consideration to that?

27 A. No, I haven't. But my own personal  
28 opinion would be that they should not be allowed  
29 to on that basis, any more than Eaton's or Simpson's  
30





1 Mr.Noseworthy  
2 (Mann)

3 be allowed to undercut each other on any commodities  
4 they sell.

5 Q. But they are allowed to undercut each  
6 other,are they not?

7 A. They may be allowed, but I doubt if  
8 they do. They don't do it as a general practice.

9 COMMISSIONER MANN: You and I are getting  
10 on dangerous legal ground, and I think we better  
11 leave it there.

12 THE CHAIRMAN: Thank you, Mr. Noseworthy.

13 THE SECRETARY: Mr. Chairman, I have received  
14 a wire signed by J.G.Saunders of the Hamilton Chamber  
15 of Commerce, which reads:

16 "We had representatives in attendance  
17 ready to appear before you March fifteenth  
18 as requested by you but was advised it  
19 would be heard on March sixteenth. Due  
20 to circumstances beyond our control it  
21 is impossible for us to present it today.  
22 Sufficient copies of our brief which is  
23 self-explanatory are in your possession  
24 and would request you kindly have it read  
25 into the record."

26 In compliance with this request, sir,  
27 I would ask that the Hamilton Chamber of Commerce  
28 brief be taken into the record as read.

29 THE CHAIRMAN: We will take their brief into  
30





1 the record. All counsel have copies of the brief.

2  
3  
4 BRIEF OF THE  
5 HAMILTON CHAMBER OF COMMERCE  
6

7 Gentlemen, the City of Hamilton, the fifth  
8 largest in Canada, is the fastest growing of  
9 Canada's eight large metropolitan areas and the  
10 average annual rate of increase during the past  
11 five years has been approximately five per cent,  
12 with the total metropolitan area population reaching  
13 three hundred and fifty thousand. The present  
14 population of Hamilton proper is 258,587.

15 Much of this growth can be attributed to the  
16 mushrooming manufacturing industry, which has  
17 broken all previous records in the expansion of  
18 existing companies and has also resulted in the  
19 acquisition of a substantial number of new plants.  
20 There are now approximately 600 industries in this  
21 highly industrialized city.

22 In a recent survey it was indicated that  
23 there would be a further expansion programme of  
24 one hundred and fifteen million dollars in the next  
25 five years.

26 McMaster University has now completed the  
27 building of an atomic reactor on the campus, which  
28 will increase substantially the availability of  
29  
30







1  
2 of research facilities for industries in the district  
3 and will also give impetus to the development of  
4 nuclear research applied to industrial and  
5 commercial uses.

6 In recent years Hamilton has risen as a  
7 merchandising centre. In addition to substantial  
8 renovations and additions to many retail outlets,  
9 Hamilton is now the site of Canada's largest  
10 shopping centre, in acreage, in number of stores, and  
11 in dollar sales.

12 The City of Hamilton is situated at the  
13 Western extremity of Lake Ontario on a completely  
14 land-locked harbour which can accommodate the  
15 largest vessels plying the Great Lakes. The tonnage  
16 passing in and out of the Hamilton Harbour has  
17 been increasing yearly until today its tonnage  
18 is surpassed in Canada only by that of the  
19 cities of Montreal and Vancouver. Harbour tonnage  
20 for 1959 was 7,802,544 tons.

21 Substantial sums on the expansion of harbour  
22 facilities have been spent and wharfs, slips and  
23 warehouses to take care of commercial and industrial  
24 requirements in the future, particularly with  
25 respect to the St. Lawrence Seaway, are being  
26 developed. Such expansion should result in  
27 increased railway tonnages to and from the Port  
28 of Hamilton.

29 Hamilton serves as the major distribution  
30





1  
2 point to the entire Niagara Peninsula and to a  
3 substantial portion of Western Ontario. The  
4 City is served by the Canadian National Railways,  
5 the Canadian Pacific Railways, and the Toronto,  
6 Hamilton and Buffalo railway.

7  
8 THE HAMILTON CHAMBER OF COMMERCE

9  
10 The Constitution of the Hamilton Chamber  
11 of Commerce reads in part, as follows:

12 "The object of The Hamilton Chamber of  
13 Commerce shall be to promote the economic, civic  
14 and social welfare of the people of Hamilton and  
15 vicinity."

16 It consists of some twelve hundred and fifty  
17 members who are a cross section of industrial and  
18 commercial firms in Hamilton.

19  
20 TRANSPORTATION POLICY

21  
22 The Turgeon Royal Commission Report of 1951  
23 under National Transportation Policy, page 275,  
24 states, among other things, that "it has always been  
25 recognized that railways are of primary importance  
26 to Canada and its people. Ours is a country great  
27 in size and small in population, yet today we rank  
28 third in the whole world in the export of goods.  
29 This by the very nature of things requires a long  
30







1 haul of primary commodities which to a great  
2 extent must be transported by rail."

3  
4 On page 276 it reads in part as follows:

5 "It is part of the National Transportation  
6 Policy that the two great systems shall have the  
7 opportunity to operate side by side, in order to  
8 provide the requisite services to the country  
9 and its people and at the same time to serve as  
10 a check and a balance on each other, without  
11 destroying the opportunity of the privately owned  
12 road to live and progress and to earn a fair  
13 revenue."

14 The Turgeon Royal Commission also states  
15 on page 275, "it is therefore important not alone  
16 to the railways, but to our people that the two major  
17 railway systems shall always be in a position to  
18 match the progress made in other countries which  
19 compete with Canadian producers for the markets  
20 of the world. Without this Canadians would be at  
21 a competitive disadvantage."

22 Under Equalization of Rates, which have since  
23 been established, the Turgeon Report, page 125,  
24 reads in part "It would appear, from the foregoing  
25 and having regard particularly to the terms of  
26 Order in Council No. P.C. 1487, that the broad  
27 general principle of equalization throughout the  
28 country is now accepted. It must be noted, however,  
29 that the Order in Council provides that this  
30





1  
2 equalization shall be subject to such special  
3 statutory provisions as affect freight rates" and,  
4 since the inauguration of the equalization rates  
5 there does not seem to be any great difference  
6 in the application of such rates.

7  
8 GENERAL

9  
10 Since the tremendous industrial development  
11 in Hamilton and district over the past one hundred  
12 years has established a distributing and  
13 marketing program, it is the opinion of the Hamilton  
14 Chamber of Commerce the present rate structures  
15 should be maintained and the railways allowed to  
16 establish such rates as will assure them of  
17 revenue that is compensatory and at the same time  
18 meet the requirements of industry to market their  
19 goods in Canada.

20 With regard to statutory rates, such as  
21 the Crows Nest Pass and the Maritimes Freight  
22 Rates Act, etc., The Hamilton Chamber of Commerce  
23 feels that the railways have presented their case  
24 on economic grounds and it is very doubtful that  
25 The Hamilton Chamber of Commerce could add  
26 anything that would assist in suggesting a method  
27 that would prevent the railways from carrying  
28 traffic at rates which are economically unsound.

29 In any case it would appear as if the railways  
30





1  
2 should not be placed in a position that requires them  
3 to operate with revenues insufficient to promote  
4 the best service available and, if it is found  
5 that such uneconomical traffic arises, the railways  
6 should, through some government regulation, be  
7 enabled to receive adequate revenue to cover  
8 their operating costs.

9 Under the present system of free enterprise  
10 The Hamilton Chamber of Commerce is generally  
11 opposed to the use of subsidies to reimburse the  
12 railways for compensation of revenue for  
13 services rendered which have been governed by  
14 statutory rates. However, if such subsidies are  
15 essential, they should in their entirety be  
16 clearly shown as such in government and public  
17 records so that the public may be fully aware of  
18 the impact of such subsidies on Canada's economic  
19 structure.

20 The Hamilton Chamber of Commerce feels that  
21 the Commission should, therefore, carefully study  
22 some means whereby the railways should not be  
23 placed in an uneconomical position or that the  
24 users of such railway services should not have to  
25 bear undue costs to accomplish a sound railway  
26 service in Canada.

27 All of which is respectfully submitted,

28 Faithfully yours,

29 J.G.Saunders, General Secretary and Manager,  
30







1                   Transportation Department.  
2

3                   -----  
4                   THE CHAIRMAN:     We now have Mr. Stroud and  
5                   Mr. Ratcliff of the Canadian Electrical Manufacturers  
6                   Association.  
7

8                   COMMISSIONER BALCH:     Mr. Chairman, I  
9                   would like, if I may, to say for the benefit of the  
10                  Commission that we have here six members of the  
11                  running trades, both Canadian National and Canadian  
12                  Pacific.     They are here as spectators, and I know  
13                  they will enjoy very much what is said before the  
14                  Commission.  
15

16                 THE CHAIRMAN:     Well, I think we are very  
17                 interested and honoured that you are here, and you  
18                 will see democracy in action and how we try to do  
19                 things.     I think that you will be entertained at  
20                 times with some of the proceedings.     All that we  
21                 can say to you as members of the running trades  
22                 is that we are giving the most serious consideration  
23                 to every matter that is presented to us.  
24

25                 MR. SINCLAIR:     I would like to say, Mr. Chairman,  
26                 on behalf of the railways that the interest of the  
27                 companies' employees -- and these men are their  
28                 representatives, and some of them have been for quite  
29                 a long time -- I think it is a very fine thing  
30                 that they have taken time to come here, and I am only  
                  sorry that they were not here some other days  
                  when matters possibly closer to them were dealt  
                  with, which they might have heard.     The matters





1  
2 dealt with by this Commission today are largely  
3 technical rate matters, but there have been at  
4 other times other material. But, as you say,  
5 I am sure that the submissions that were made  
6 will receive the weight that they deserve.

7 THE CHAIRMAN: I think, Mr. Sinclair, I  
8 should say that we have been across the whole  
9 Dominion now and it has been most interesting the  
10 interest that is taken by all segments of the  
11 community in what we are trying to do.

12 MR. SINCLAIR: Yes, Mr. Chairman.

13 THE CHAIRMAN: You will remember, as I  
14 remember, in Winnipeg when we sat from nine-thirty  
15 in the morning until eleven-thirty at night.

16 MR. SINCLAIR: I remember it all too well,  
17 sir.

18 THE CHAIRMAN: In any event, I think it  
19 speaks well for the interest that has been taken  
20 and a real desire to get somewhere in this transportat-  
21 ion question. We all want to solve it and we all  
22 want to protect everybody concerned, and we are  
23 all, I hope, dedicated to that purpose.

24 MR. SINCLAIR: I am sure we are.  
25  
26 -----  
27  
28  
29  
30







1  
2  
3 SUBMISSION OF THE  
4 CANADIAN ELECTRICAL MANUFACTURERS ASSOCIATION

5 APPEARANCES:

6 V.G. STROUD, Traffic Committee

7 F.C. ELEY,

8 P.H. RATCLIFF

9  
10 MR. STROUD: Mr. Chairman, and  
11 Members of the Royal Commission on Transportation,  
12 my name is Victor G. Stroud, I am a member of the  
13 Traffic Committee of the Canadian Electrical  
14 Manufacturers' Association and the official witness  
15 in the presentation of the Associations' Brief to  
16 the Royal Commission on Transportation.

17 I am employed as general Traffic Manager  
18 of Duplate Canada Limited and The Associated Companies,  
19 with offices in Toronto.

20 On my right is Mr. Phillip H. Ratcliff, who  
21 is the Chairman of our Association Statistics  
22 Committee. Mr. Ratcliff is also employed with  
23 Duplate Canada Limited and Associated Companies  
24 in the capacity of Statistician.

25 On my left is Mr. Fred C. Eley, who is  
26 permanently employed as a Technical Assistant on the  
27 staff of the C.E.M.A.

28 Both of these gentlemen will assist me in  
29 the event that there is direct examination or cross-  
30





1  
2 examination by the Commission and counsel representing  
3 various interests.

4 -----

5 1. The Canadian Electrical Manufacturers  
6 Association includes in its membership the  
7 principal electrical manufacturers in Canada. These  
8 member companies with plants in various parts of the  
9 country are responsible for approximately 80 percent  
10 to 85 per cent of the production of electrical  
11 goods in Canada. According to the Dominion Bureau  
12 of Statistics over \$1 billion in electrical  
13 products was shipped in 1958. These member companies  
14 therefore represent a substantial segment of  
15 shipper interests.

16 2. The opinions and recommendations set  
17 out below are not intended to deny **any** member  
18 company of the Association from presenting a  
19 submission to the Royal Commission on Transportation  
20 whether or not the submission of the individual  
21 member company differs from **that** of the Association.

22 3. The purpose of the Canadian Electrical  
23 Manufacturers Association in presenting this brief  
24 is to assist the Royal Commission on Transportation  
25 in reaching its findings.

26 NATIONAL TRANSPORTATION POLICY

27 4. Transportation is ~~extremely~~ important  
28 to the welfare of any country especially to Canada  
29  
30





1  
2 with its great distances, its developing natural  
3 resources and its expanding industries.

4           5.       In the opinion of our Association  
5 it is essential to the industry and commerce of  
6 Canada and to Canada's national defense that  
7 every form of transportation, namely rail, water,  
8 highway, air and pipeline, be sound and function  
9 properly. Further, it is the opinion that to  
10 insure the continuing soundness and proper  
11 functioning of transportation a national transportat-  
12 ion policy should be formally stated which will  
13 accord equitable treatment to each form of  
14 transportation and encourage transportation as a  
15 whole.

16                   CROW'S NEST RATES

17           6.       The rates on grain and flour under the  
18 Crow's Nest Pass Agreement (Railway Act, Chapter 234,  
19 Section 328, Subsection 6) have been in force  
20 for over 60 years. With the many changes which have  
21 taken place since their establishment it is  
22 reasonable to believe that they should be reappraised  
23 giving full consideration to present day cost of  
24 transportation and all other aspects of the subject.  
25 For this reason our Association respectfully  
26 requests that the Royal Commission on Transportation  
27 recommend that these rates on grain and flour be  
28 investigated to determine whether they are just and  
29  
30







1  
2 reasonable rates in this regard under present day  
3 conditions.

4 7. The Association feels strongly that  
5 if statutory rates are found to be necessary, such  
6 rates should not be subsidized by users of other  
7 railway services in Canada.

8 INEQUITIES IN THE FREIGHT RATE STRUCTURE -  
9 HORIZONTAL FREIGHT RATE INCREASES:  
10

11 8. The Canadian Electrical Manufacturers  
12 Association believes that the class rate scale  
13 set out by the Board of Transport Commissioners  
14 Order 83232 dated March 1st, 1954, which became  
15 effective on March 1st, 1955, together with the  
16 Canadian Freight Classification introduced on the  
17 same day was the result of a common belief that  
18 class rates should move as much tonnage as  
19 economically possible over the maximum distances.

20 9. Subsequently, various freight rate  
21 increases were authorized, based on actual  
22 percentages of the rates in effect, applied  
23 horizontally.

24 10. This method of applying freight rate  
25 increases destroyed the original intent.

26 11. To correct this situation and to achieve  
27 the original intent, our Association suggests that  
28 a formula be developed to this end.

29 12. In the hope of assisting the Royal  
30





Commission in developing such a formula, the following formula is suggested:

(a) Arbitrarily apply the maximum percentage increase to the first one hundred miles.

(b) Taper the maximum percentage increase for distances greater than one hundred miles in the same proportion as the equalization scale per 100 miles is tapered.

13. The following table demonstrates our Association's suggested application:

<u>Distance in Miles</u>	<u>Rate per 100 miles</u>	<u>Percentage Increase</u>
20-60		22.1%) Maximum
60-100	.50	22.1%) Increase
100-200	.40	17.68%
200-1500	.36	15.91%
1500-2000	.36	15.91%
2000-2600	.32	14.14%
2600-3300	.28	12.38%

14. Our Association believes that the present method of applying class rate increases makes it more difficult to market goods at distant points. Industry to-day depends to a large extent on mass sales for success and railways to a similar extent, must depend on a high volume of freight for success.

15. It is possible that a formula for







1  
2 applying freight rate increases might place the  
3 railways in a better competitive position.

4 SUBSIDIES

5 16. Our Association recommends that the  
6 various subsidies at present authorized be  
7 periodically reviewed to ascertain whether they  
8 are fulfilling the original purpose for which they  
9 were established, and whether they are being properly  
10 applied.

11 EXTENT THAT RAILWAY ACT SHOULD SPECIFY

12 EARNINGS

13 17. "Other Income", namely income from  
14 railway capital invested in enterprises other  
15 than railway transportation, does not belong  
16 in the freight rate structure. Such investments  
17 are subject to fluctuations of the market and might  
18 prove a liability rather than an asset. The  
19 revenue earned in railway freight operation should be  
20 the exclusive criterion in the establishment of  
21 freight rates.

22 18. The Board of Transport Commissioners  
23 has previously ruled that such investments are  
24 extraneous to freight rates, a position which our  
25 Association supports.

26 LIMITATIONS PLACED ON RAILWAYS BY STATUTE

27  
28 19. The Association recommends that the  
29 railways be accorded increased freedom in their  
30





1  
2 transportation pricing policies, and that they be  
3 permitted to decide rates regionally or divisionally  
4 in keeping with modern business practice in  
5 providing prompt service to customers.

6 IMPROVEMENTS IN RAILWAY OPERATIONS

7 20. The railways have made great  
8 technological progress in recent years by the  
9 introduction of diesel locomotives, centralized  
10 traffic control, automated classification yards,  
11 and other improvements. Inflationary trends in  
12 the economy as a whole have nullified much of the  
13 reduction in cost brought about by the technological  
14 changes. Nevertheless there are indications that  
15 the railways are continuing to explore further  
16 possibilities of improving their operations.

17 21. Our Association believes that the  
18 railways should devote greater effort to carrying  
19 out a number of points which undoubtedly would  
20 lead to more efficient and economical operation  
21 of their freight transportation systems, such as

22 (a) A pooling of freight equipment and  
23 terminal and yard facilities as an  
24 extension of efforts hitherto taken under the  
25 "Canadian National-Canadian Pacific Act,  
26 should bring about economies without  
27 impairing efficiency.

28 (b) Economies could be achieved by  
29  
30





1  
2 by continuing cost studies with a view  
3 to the elimination or at least the  
4 reduction of unprofitable operations.

5 (c) The carrying out on a continuing basis of  
6 a programme to fully acquaint shippers with  
7 regard to the various services which the  
8 railways are prepared to provide, such as  
9 free time for loading and unloading cars,  
10 stop-off for storage and other purposes,  
11 transit arrangements and other special  
12 services and privileges , would certainly  
13 tend to attract more business to the  
14 railways.

15 (d) In the interest of all shippers and in  
16 turn all carriers there must be much  
17 greater co-ordination of the various forms  
18 of transportation.

19 (e) Manufacturing industries make use  
20 of multi-form and multi-part documents to  
21 reduce paper work. The railways if they are  
22 not now considering the use of business  
23 forms of this kind should do so in the  
24 interest of reducing costs.

25 22. To attract more business to the  
26 railways our Association recommends that the railways  
27 continue to give consideration to  
28 (1) reducing the time the shipment is in transit  
29 (2) reducing the time in switching and classification  
30 yards,







- (3) reducing the time in repairing rolling stock,
- (4) providing facilities which will reduce damage to loadings,
- (5) Providing facilities including rolling stock which reduce the shippers costs of packing, stowing, bracing and unloading,
- (6) providing solid and collapsible containers for bulk shipments,
- (7) providing specially equipped cars where the traffic warrants them.

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CROSS -EXAMINATION BY MR. CUMMING:

Q. Mr. Stroud, in your opening paragraph you tell us something about the Canadian Electrical Manufacturers Association. Could you tell us where your membership is concentrated -- I assume in Ontario and Quebec, is it?

MR. ELEY: Concentration is mainly in the Ontario area. There are a fair number in the Quebec area, and some members in the Western Provinces including British Columbia.

Q. What, all across the country?

MR. ELEY: Yes.

Q. And your principal markets in Canada -- where are they?

MR. ELEY: Well, sir, they are distributed over the country but I would say that the main market





1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 is in the Southern Ontario district, which may  
4 represent, say, thirty-five per cent.

5 Q. Can you tell us, percentagewise,  
6 how your market in the rest of Canada breaks down --  
7 the Maritime Regions and in the West?

8 MR. ELEY: I can't say that; I haven't the  
9 figures before me.

10 Q. In paragraph 6 you deal with the  
11 question of the Crows Nest Rates and you say,  
12 "It is reasonable to believe that they should be  
13 reappraised giving full consideration to present  
14 day cost of transportation and all other aspects  
15 of the subject". Is it your submission that as  
16 a matter of policy these grain rates should be  
17 fully compensated?

18 MR. STROUD: We feel that the grain rates  
19 should be investigated to find out whether they  
20 are just and reasonable. We haven't any opinion  
21 on whether they should be fully compensated.

22 Q. You don't relate the question of just  
23 and reasonable, as it applies to rates, to the  
24 question as to whether or not they are compensatory?

25 MR. STROUD: That is correct.

26 Q. Then you go on to say that if it is  
27 found necessary, they should not be subsidized by  
28 the users of other railway services in Canada.  
29 I take it that your Association feels that a  
30







1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 subsidy should be paid rather than have the cost  
4 borne by other shippers?

5 MR. STROUD: If a subsidy is to be paid,  
6 it should not be paid by other users of transportation.

7 Q. Do you suggest that a subsidy be  
8 paid -- do you go that far?

9 MR. STROUD: We go this far, that we would  
10 suggest that the Royal Commission determine whether  
11 the rates are just and reasonable. If the rates  
12 are not just and reasonable, and the Federal  
13 Government insists that the statutory rates are  
14 necessary, we don't believe that the shipper group  
15 should pay any extra charges to continue the  
16 statutory rates.

17 Q. Then it follows, I take it, that some  
18 sort of subsidy is going to have to be paid?

19 MR. STROUD: Somebody will have to pay it.

20 Q. Do you have any views as to how that  
21 should be paid?

22 MR. STROUD: No, we don't.

23 Q. Do you feel that the shippers- that  
24 the members of your Association -- have been bearing  
25 the burden of additional and higher freight rates  
26 because of the maintenance of the Crows Nest rates?

27 MR. STROUD: We feel, if the Commission  
28 finds the rates are not just and reasonable, then  
29 that we have been paying the extra.

30 Q. So, your whole view is subject to a





1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 finding on that basic question?

4 MR. STROUD: As far as we know, it has not  
5 been proven that they are not just and reasonable,  
6 but if it is found they don't pay their way, then  
7 we think we have been paying the extra load.

8 Q. Turning for a moment to the matter  
9 of horizontal increases, in paragraph 12, you open  
10 up the question on the formula that you suggest as  
11 a solution, and, as a first step on it in that  
12 formula, you suggest that the percentage increase  
13 be applied to the first one hundred miles.  
14 Can you tell us why you picked on one hundred miles  
15 as against some other figure?

16 MR. STROUD: We feel that the basic cost  
17 of transportation, the main cost of transportation,  
18 is at the point of origin and the point of  
19 destination, through the use of railway facilities.

20 Q. These are the terminal as opposed to  
21 the line haul costs?

22 MR. STROUD: Pick-up charges, and handling  
23 charges, and terminal charges. We feel, if it has  
24 been proved to the Board of Transport Commissioners  
25 that a certain percentage increase is necessary,  
26 then we think that certain percentage increase  
27 should apply on the low haul traffic, and we have  
28 just arbitrarily taken one hundred miles, the same  
29 as the Board in the equalization case took twenty  
30





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(Cumming)

miles for a minimum.

Q. The impact, of your formula for the increasing of rates will entail, obviously, higher increases on these short haul movements. Have you considered the impact that might have on the possible loss of such short haul traffic to competitive modes of transportation?

MR. STROUD: You, of course, understand we are only speaking of class rates. We are not speaking of increases on commodity rates, competitive rates, or agreed charges. We are dealing strictly with the equalization case. Insofar as short haul traffic is concerned, except for less than carload shipments, the majority of goods on short haul traffic move under competitive rates. Some may be agreed charges, and some may be commodity rates. When a general increase takes effect the railway and the shipper get together to decide whether the maximum general increase will move the traffic or whether the traffic will dry up because of the increase in charges. So, I think, with respect to your question, that both carriers and shippers will take a good look before the maximum increase is applied.

THE CHAIRMAN: What percentage of your traffic would move on class rates?

MR. STROUD: Mr. Chairman, I don't have the







1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 figures on what volume of traffic moves across  
4 Canada on class rates, but I believe the railways  
5 would show that there are millions of dollars of  
6 revenue gained through class rates. I would go  
7 even further, and say that possibly 70 per cent  
8 of less than truck load or less than carload traffic  
9 is on class rates.

10 THE CHAIRMAN: From your own experience  
11 you could not tell what percentage of your traffic  
12 moves at class rates?

13 MR. STROUD: Some of our companies are less  
14 than carload shippers, and some are carload shippers.  
15 One of our companies, such as Fibre Glass of Canada,  
16 which is pretty well a carload shipper because of  
17 the type of product, all of its traffic, with  
18 the exception of that to British Columbia points  
19 goes under class rates. Another one of our  
20 companies which manufactures glass and who are  
21 carload shippers, practically all their traffic  
22 moves under agreed charges. Another, such as  
23 Smith and Stone, Electrical manufacturers -- the  
24 majority of their traffic is less than carload,  
25 and the majority of their traffic moves at less  
26 than carload rates or full car rates.

27 COMMISSIONER MANN: When you said, "some  
28 of our companies", you are not now referring to  
29 C.E.M.A.; you are referring to the ones you  
30





1 Messrs Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 represent?

4 MR. STROUD: Yes, that is right.

5 MR. CUMMING: Q. You told us this formula  
6 that you suggest deals only with class rates: What  
7 about commodity rates?

8 MR. STROUD: I don't think you can set up  
9 any formula for commodity rates or agreed charges.

10 Q. You confine this entirely to class  
11 rates?

12 MR. STROUD: I do.

13 Q. In paragraph 15, you say that your  
14 Association believes that the present method of  
15 applying class rate increases makes it more  
16 difficult to market goods at distant points. Are  
17 you faced with serious market competition -- that  
18 is, off shore competition -- in your markets in the  
19 Maritimes and British Columbia?

20 MR. STROUD: We certainly are.

21 Q. From off shore suppliers?

22 MR. STROUD: You are speaking of import  
23 traffic?

24 Q. Yes.

25 MR. STROUD: Yes.

26 Q. Is your access to these markets  
27 assisted by competitive rates or agreed charges  
28 to meet that?

29 MR. STROUD: Yes.

30 Q. Have you any class rate movements







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(Cumming)

to British Columbia or the Maritimes?

MR. STROUD: Very much so.

Q. On Class rates?

MR. STROUD: On class rates.

Q. In paragraph 17 you deal with the question of subsidies and recommend that they be periodically reviewed to ascertain whether they are fulfilling the original purpose for which they were established. To what subsidies are you referring?

MR. STROUD: Off hand there are about three subsidies I am thinking of. One is the Maritimes Freight Rates Act, where I believe there is now an investigation going on to establish whether the Act is being properly applied, in view of the fact that certain goods are arriving in at the port of Halifax and St. John and being cleared through customs and being reshipped as domestic traffic out of the Maritimes. There are also some agricultural rates: I believe there are some hog rates in Ontario that are being subsidized. Generally, what I am saying is, every time there is a special rate set up by the Government to help out a certain industry or certain area, that it be reviewed periodically to see whether that condition still exists or whether it does not.

Q. By whom would this review be conducted?





Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
(Cumming)

MR. STROUD: I haven't given any thought as to who should do it. I would think that this Royal Commission on Transportation could decide that.

Q. You say at the top of page 4, "Revenue earned in railway freight operations should be the exclusive criterion in the establishment of freight rates". I want you to address your mind to the question of passenger revenues in this connection: There has been a number of suggestions before this Commission that when railways are sustaining losses on their passenger operations, should, in your view, those losses be made up from freight revenues?

MR. STROUD: That is quite a question. I think in any business whether we sell a finished automobile or whether we sell a finished part, the railways will carry passengers when they are carrying freight and it is an over all situation. I think that we have to review it with an overall picture, I do not think we can say that because the revenue from passenger traffic between Toronto and Hamilton, for instance, is falling off for a certain period of time that there should be an adjustment of the rate at that particular moment to take care of the situation. I am afraid my own personal view is that we should consider the revenue of the railways as a whole.





1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 Q. For instance, it is shown that there  
4 is a substantial loss sustained on the overall  
5 passenger operation, would your Association be in  
6 favour of a subsidy to make that up rather than  
7 expecting the railway to recoup that loss from  
8 their freight revenues?

9 MR. STROUD: Well, I think if any good  
10 business man has a loss on a product and he does  
11 not see any chance of improving his profit margin  
12 that he should review that operation and apply  
13 for an increase in rates. If the Government  
14 insists that service be continued at a loss then  
15 the Government should pay for it.

16 Q. You feel that it should be subsidized  
17 nationally if it be a national service. What about  
18 local services, would you have the same view there?

19 MR. STROUD: You will appreciate the fact  
20 we did not deal with this in our Brief so anything  
21 I have to say might be my own personal opinion.

22 Q. I appreciate that, Mr. Stroud.

23 MR. STROUD: I think there are many services  
24 that the railways may perform today at a loss. I am  
25 not too sure that the charges that they receive  
26 from - - -

27 Q. Mr. Stroud, you have found a friend.

28 MR. STROUD: I do not want to confine my  
29 remarks to commuter or passenger service.  
30







1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Cumming)

3 Q. Well, perhaps I can leave it at that.  
4 I appreciate your willingness to go outside the  
5 context of your brief. Going on to page 4 under  
6 the heading of "Limitations placed on railways by  
7 statute", you recommend ~~that~~ the railways be  
8 accorded increased freedom in their transportation  
9 pricing policies. Do you have in mind when you  
10 make that recommendation any specific restriction  
11 of pricing policies at the present time that you  
12 feel should be relaxed?

13 MR. STROUD: It was not our thought ~~that~~  
14 there be any change in the time element of three  
15 days for competitive rates, thirty days for  
16 agreed charges.

17 Q. The question was being discussed this  
18 morning.

19 MR. STROUD: We do not want any changes  
20 there.

21 Q. Are there any other restrictions that  
22 you feel should be relaxed?

23 MR. STROUD: We feel -- perhaps this does  
24 not really answer your question but we feel the  
25 railways do not act quickly enough in establishing  
26 rates. We think that regional rate making groups  
27 should be set up. In other words, the central  
28 region of the Canadian National and Canadian Pacific  
29 railways we feel know the conditions in that area  
30





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(Cumming)

and that management of the Canadian National and Canadian Pacific should allow at those particular traffic, railway traffic managers to make their own rates in their own areas rather than having a meeting in Toronto between various railroads and then going down to Montreal and going through the same process again. Sometimes by the time the rate is published there is no traffic moving.

Q. So any difficulties you have experienced have been in the course of negotiations with the railroads and you suggest an increasing decentralization?

MR. STROUD: And through the Canadian Freight Association on longhaul traffic, the same thing.

Q. A similar sort of problem?

MR. STROUD: Yes.

Q. And is that the area of your difficulty or complaint that gives rise to the recommendation that is in paragraph 20?

MR. STROUD: That is right.

Q. Now, under the heading of "Improvements in railway operations", you make a number of recommendations. In paragraph 22, you say that the railways should devote greater effort to carrying out a number of points which undoubtedly would lead to more efficient and economical operations







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(Cumming)

of their freight transportation system and you cite as an example pooling of freight equipment and terminal and yard facilities. I want to know how far your association goes in this recommendation, Mr. Stroud. Would you go this far, that if the railways fail to effect economies in these ways should they be in a position of being compelled to do so?

MR. STROUD: I do not think I would want to compel them to do anything but I would suggest if they did pool their services they might make more money.

Q. But you would not go to the point, for instance, of suggesting that the Board of Transport Commissioners be empowered to require the railways to set up joint terminal facilities or pool?

MR. STROUD: Well, it would look to me with that type of suggestion that you had better amalgamate both railroads.

Q. I am trying to see how far you would go on this. I take it your position is you would leave this matter of co-operation to be worked out between the railroads themselves?

MR. STROUD: Yes.

Q. And in paragraph (d) on the next page you say:





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2 (Cumming)

3 "In the interest of all shippers and in  
4 turn all carriers there must be much  
5 greater co-ordination of the various forms  
6 of transportation."

7 Now, just how do you suggest that this  
8 can come about?

9 MR. STROUD: Well, we think that the railroads  
10 should co-operate with companies that provide  
11 trucks, lease trucks. I believe their phase one  
12 is their piggy-back service and phase two is  
13 common carrier piggy-back service and I would go  
14 further than that.

15 Q. You would do what?

16 MR. STROUD: I would go further than that.  
17 I would also include private trucks from point to  
18 point.

19 Q. On what sort of basis? You mean on  
20 a through rate basis?

21 MR. STROUD: Yes, on a through rate basis  
22 piggy-back.

23 Q. Are there any other suggestions that  
24 you have along this line?

25 MR. STROUD: My mind is a blank right now  
26 but anyway they can co-operate.

27 Q. And once again, in this instance as  
28 well, I take it that your Association is of the view  
29 that this is a matter to be left to be worked out  
30





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(Cumming)

between the railways or the railways and the shippers,  
that it is not a matter in respect of which you would  
recommend that there be regulation or compulsion.

MR. STROUD: Well, I think they should  
receive the blessing of the Board of Transport  
Commissioners to do this.

Q. And the Board should go no further  
than that?

MR. STROUD: Yes.

MR. CUMMING: I think that is all I have.

CROSS-EXAMINATION BY MR. HUME:

Q. I have one question, Mr. Stroud,  
on this particular point you were discussing last.  
To identify myself, I am Fred Hume, and I represent  
the Canadian Trucking Association. You mention  
the piggy-back service which is an advance from  
the evidence we have heard before the Turgeon  
Commission ten years ago. May I suggest that  
another method or area of co-ordination that might  
be the publication of a through bill of lading  
where part of the shipment is carried by rail and  
part by truck. Is this what your Association had  
in mind by co-ordination?

MR. STROUD: I do not think we considered  
that, but we would have no objection to it.

Q. Would you think that would be of some







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(Hume)

advantage to your members to have such a procedure available?

MR. STROUD: It certainly would.

Q. In addition to the through rates you mentioned, rail truck rates, the bill of lading and generally it is your suggestion that that whole area be explored to extend co-ordination even greater than that which has transpired in the last ten years?

MR. STROUD: That is right.

CROSS-EXAMINATION BY MR. FRAWLEY:

Q. Mr. Stroud, I may have misunderstood you but I thought I heard you say that there is some subsidized rates to move agricultural implements. Would you mind explaining that?

MR. STROUD: Hogs.

Q. Grain?

MR. STROUD: For hogs.

Q. Not agricultural implements?

MR. STROUD: No.

Q Did I understand correctly when I made a note that you would confine this revised formula of yours for rate increases following Board hearings to the class rates?

MR. STROUD: That is right.

Q. What would you do with the non-competitive





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(Frawley)

commodity rates for instance?

MR. STROUD: I think that would be through negotiations with the individual and -- usually these commodity rates, as you know Mr. Frawley, are established through joint co-operation between the carriers and the shippers and I would think that if a 25 per cent general increase went through on certain commodities which automatically applied on a general commodity rate that if that increase would tend to destroy the movement of those goods or dry up the flow of that traffic then a new commodity rate should be established that would move the freight.

Q. Oh yes, but if by a 25 per cent increase on a class rate you dry up the traffic the railways would do something about it, they would withdraw. You understand these authorizations from the Board are merely permissive authorizations?

MR. STROUD: Yes.

Q. The railways are authorized to increase and then they go back to Montreal and make these increases as and where they can.

MR. STROUD: Yes.

Q. And we are told they always go on the class rates.

MR. STROUD: Yes.

Q. They always go on the non-competitive







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(Frawley)

commodity rates and I was wondering whether you had any understanding of those two great classes of rates, that they always take the whole horizontal increase. Do you understand something different from that?

MR. STROUD: Oh, yes.

Q. What is the difference?

MR. STROUD: That they do not always apply on the non-competitive commodity rates.

Q. And you think if you just had this revised formula of yours which would be designed, as I see it, to take some of the burden off the long haul shipments, you would confine that to the class rates?

MR. STROUD: That is right.

Q. And if there was a non-competitive commodity rate that had been there for years, from Hamilton, Ontario, to Edmonton, but not a class rate, you would say, "Give it the full 25 per cent increase"?

MR. STROUD: I would not say, "Give it the full 25 per cent increase". I would say, if the traffic still moved and the market was still there, then it should apply, but the person using that particular rate should certainly advise the railroads what effect it might have on the sale of goods. If they wrote up the sale of the goods, they would advise the railroad accordingly.

Q. That sounds very simple, but do you





1 Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
2 (Frawley)

3 think the railways would be moved, if there was no  
4 competitive factor to regulate it and demand the  
5 removal of that increase? Do you think the  
6 railways would just take the increase off after listening  
7 to the shipper?

8 MR. STROUD: We have found the representatives  
9 of the railroads pretty astute people, and I can say  
10 this, that they listen to reason if you have a  
11 good story.

12 Q. The only thing I find difficult to  
13 understand is the distinction between class rates.  
14 It would be the same thing if they put an increase  
15 on the class rates, if the shipper went to them and  
16 said, "This is not right; you are not moving the  
17 goods" --- you say they take the increase up?

18 MR. STROUD: No, we have had goods move  
19 on class rates before equalization. As you know,  
20 I believe, the general increase up to about 1955  
21 was 92 per cent, and we went to the railroads and  
22 pointed out that our traffic was moving under class  
23 rates and would not move any more because of this  
24 92 per cent. Then they established a commodity  
25 rate.

26 Q. Oh, yes, they are all taking  
27 shipments and commodities out of the classifications  
28 and establishing commodity rates -- - that is a  
29 constant process --- but I would ask you to confine  
30





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(Frawley)

your attention to the situation which immediately follows the authorization of an increase in freight rates. I am told that since 1948 the class rates have taken the full horizontal increase, which has now cumulatively reached 157 per cent. Can you give me any examples where the class rates have not taken that increase and still remained class rates? I understand what you say about taking them out of the classification and putting them into a competitive rate or commodity rate, but I would ask you to give me any instances where the class rates have not taken uniformly the increases of the rates authorized by the Board.

MR. STROUD: I am not too sure, but under the Maritimes Freight Rate Act they were not increased the full amount, were they?

Q. You say that rates moving under the Maritimes Freight Rates were not increased?

MR. STROUD: Yes.

Q. They were class rates and not increased?

MR. STROUD: Yes.

Q. I do not know about that. I represent the Province of Alberta and to be perfectly honest I do not know to what you are referring.

MR. STROUD: Probably Mr. Mann would know.

COMMISSIONER MANN: Maybe we should make







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(Frawley)

this perfectly clear, that certainly the class rates were increased in accordance with the authorization of the Board. They took the same percentage increase as any other rates in Canada. The fact that they were below the level of other class rates is not what you have reference to. You were talking about the rate of increase taken, and I think you will find that is what happened.

MR. FRAWLEY: Q. Mr. Stroud, perhaps you are referring to the fact that the Maritimes area is excluded from the equalization?

MR. STROUD: Yes.

MR. SINCLAIR: Yes, exempt from equalization.

MR. FRAWLEY: Q. Here we are not at odds about that. Under the Statute the Maritimes Provinces as a geographic area were excluded from equalization, just as competitive rates were, as set out in the Railway Act. Coming back to the Board hearing the case for a revenue increase and declaring that there should be a 19 or 17 per cent increase in freight rates, like the very last one, the one that resulted in the establishment of this Commission, as a matter of fact -- can you, Mr. Stroud, give me any examples of class rates that have not taken the horizontal percentage increases authorized by the Board?

MR. STROUD: No, I cannot.





1 Mrssrs. Stroud, Eley, Ratcliff, Cr.-ex.  
2 (Frawley)

3 Q. That is my understanding. Now we  
4 pass to non-competitive commodity rates -- still  
5 leaving them at non-competitive commodity rates.  
6 I am not talking about negotiations where they  
7 ceased to be that, and became something else, but  
8 can you give me any examples of those rates that  
9 did not take the horizontal percentage increases  
10 authorized by the Board?

11 MR. STROUD: I think there were adjustments  
12 made of those non-competitive commodity rates.

13 Q. You mean, they have been taken out of  
14 the category, the published rate as a non-competitive  
15 commodity rate has been taken out and they have  
16 rated it a competitive rate, is that what you mean?

17 MR. STROUD: No. I mean that, if there  
18 was a rate on glass of \$1. to a certain point  
19 and the general increase was to \$1.20, the item  
20 was cancelled and a new rate put in there, making  
21 the level of the rate 80 cents plus 20 per cent,  
22 whatever it was, impact on the \$1. rate.

23 Q. What would be the reason for that  
24 negotiation?

25 MR. STROUD: Because the freight would not  
26 move otherwise.

27 Q. Why? Because some other glass would  
28 come in and replace it?

29 MR. STROUD: Yes.  
30







Messrs. Stroud, Eley, Ratcliff      Cr.-ex.  
(Frawley)

Q.      A market competitive situation?

MR. STROUD:      Yes.

Q.      Well, there again you are getting out  
of the non-competitive market for glass. There is  
some other situation which resulted in negotiations  
between the shipper and the railway. They acknowledged  
your position or argument and changed the rate and  
labelled it competitive.

MR. STROUD:      I think that any rate other  
than the class rate is established because of  
competition of some sort. Whether you label it as  
non-competitive or not, it is a competitive rate.

Q.      Those are not my words. I understand  
that there is a large segment of the Canadian  
freight rate structure called non-competitive  
commodity rates, but I am putting it to you that  
the class rates and non-competitive commodity rates  
have taken the horizontal percentage increases  
throughout the piece. Is your understanding  
different?

MR. STROUD:      I think there is some confusion  
about "competitive". When we are speaking about  
competitive rates, we are speaking of other forms  
of transportation.

MR. SINCLAIR:      May I suggest this? I think  
there is a misunderstanding of terminology. Mr.  
Frawley calls them non-competitive commodity rates.





Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
(Frawley)

Mr. Stroud is likely dividing them between commodity mileage scales and specific commodity rates, and what he is saying to Mr. Frawley -- and I think that Mr. Frawley will recognize it if it is put in this way -- is that where the traffic would not move freely after a freight increase there have been occasions where the railways on representation by the shippers have set up a specific commodity rate where previously it was moving on a commodity mileage scale.

MR. STROUD: Yes.

MR. FRAWLEY: Q. Then, as a result of those negotiations, something less than the full increase was applied?

MR. STROUD: Yes.

Q. That is exactly what I was saying, that there is a whole area in the rate structure where the railways find they cannot apply the full percentage increase, but there is always left the hard core of the non-competitive commodity rates which has taken the full impact of the rate increases since the beginning -- you agree with me?

MR. STROUD: Yes.

Q. You say you would like to have the matter of the horizontal increases varied to give some effect to and recognize the fact that there





Messrs. Stroud, Eley, Ratcliff  
(Frawley)

Cr.-ex.

has not been the same increase in the "on the road" costs, as against the terminal costs?

MR. STROUD: Yes.

Q. You take long haul shipments from Hamilton to Edmonton, or to Vancouver, if it is not moving on a competitive rate, there is a good deal more on-the-road cost factor in the total cost than terminal costs?

MR. STROUD: I think you would have to repeat that.

Q. I say, if you take a shipment from Hamilton to Edmonton, I put it to you there is more on-the-road movement than terminal movement in that haul?

MR. STROUD: There is more on-the-road movement.

Q. If there has been over the years a smaller increase, say, in the last five or six years, a smaller amount of increase in cost in the on-the-road portion of that haul than in the terminal portion of that haul, then your suggestion is intended, as I understand it, to give effect to that state of affairs and to adjust the increase accordingly?

MR. STROUD: We are assuming, though, on the equalization case, that those facts were proved. I am not too sure whether they were proved but I am assuming they were.







Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
(Frawley)

Q. Mr. Stroud, I am completely confused about your bringing in this question of the equalization into the question of the propriety or otherwise of horizontal percentage increases. The equalization case has been and gone, and it has established a new scale of class rates, and some new scales of commodity rates in Canada under the direction of Parliament in the last seven or eight years.

MR STROUD: Let me put it another way. We are not too sure that the illustration of the equalization scale is producing what it was intended to produce. If it is not producing what it was intended to produce, maybe there should be another look at class rates, but if it is producing what it was intended, or if they intend to continue it in effect, then any percentage increases should be tapered to conform with the equalization scale.

Q. Yes, I think I understand it. There was a rate established when the Board of Transport Commissioners made its order, effective 1st of March, 1955. There is a rate of taper in that scale?

MR. STROUD: Yes.

Q. You say, when you apply horizontal percentage increases you are distorting the rate of taper that was laid down on the 1st of March, 1955, on the class rate scale?





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(Frawley)

Cr.-ex.

MR. STROUD: That is correct.

Q. And you say that this formula you have now will tend to alleviate the injustice or to prevent the injustice which now follows from a flat, blind, horizontal percentage increase on all of the class rates?

MR. STROUD: We think that there may be better formulas that could be proposed, but we think this formula we have proposed might assist the Royal Commission to come up with a formula.

MR. FRAWLEY: Thank you very much, Mr. Stroud.

CROSS-EXAMINATION BY MR. SINCLAIR: Q. Mr. Stroud, the position of your Association is that on future cases, if there are any, in which the railways establish a revenue need, which must be met by an increased rate, that this increase should be applied through a graduated scale of percentage increases?

MR. STROUD: Yes.

Q. Just how you would regulate it and what products you would take it on is something you would not now be definitive about, but it is something that should be looked at? You set this out as a principle rather than as a specific thing?

MR. STROUD: That is right.

Q. The reason for this is, you say, by that method you would give further recognition to







Messrs. Stroud, Eley, Ratcliff Cr.-Ex.  
(Sinclair)

the taper principle, which is not possible by  
applying a flat percentage increase?

MR. STROUD: That is right.

Q. That is one method that you suggest  
as an alternative to horizontal percentage increases,  
and it is your feeling that that would not penalize  
the short haul shipper unjustly in favour of the  
long haul shipper, and that is why you have done it,  
is that right?

MR. STROUD: That is right.

Q. If you did not do that, if you had  
flat increases, you would not be in favour of that,  
because that would penalize the short haul shipper  
in a percentage of hundred weight pounds rather  
than a percentage increase?

MR. STROUD: I have not thought  
about that. So I can not answer it.

Q. There has been a suggestion made to the  
Commission of applying a fifty per cent increase  
for hundred-weight pounds and fifty per cent  
for percentage increase. That would have a heavy  
effect on the short haul shipper?

MR. STROUD: There might be some merits  
to that, and I would ask Mr. Ratcliff to remark  
on it.

MR. SINCLAIR: I would like to know what  
Mr. Ratcliff thinks about it. It is a proposition





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(Sinclair)

Cr.-ex.

put forward by the Province of Manitoba.

MR. RATCLIFF: We examined that principle and did work out a scheme along those lines, but we knew that the submission had already been made on that basis. We felt that a second suggestion might assist the Commission in arriving at some sort of a decision or opinion and so we put it in.

Q. You are saying that the Commission should look at that suggestion and also should look at the graduated percentage increase?

MR. RATCLIFF: Yes, we do not feel we are in a position to say that this method of arriving at the result is any better than that method. We feel that both methods do taper the increase.

Q. Would it also be a further suggestion that this Commission might look at -- one in which, for instance, increases would be applied on traffic earnings, say, less than 3 cents per ton per mile and traffic earnings over 3 cents per ton per mile might be exempt? Should the Commission look at that?

MR. RATCLIFF: I really would not give an opinion on that. I have not examined it.

MR. STROUD: I do not think we should answer that. We have not studied that problem.

Q. But would it be correct to say that the position of your Association is that this





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(Sinclair)

Commission in principle should look at these matters and should make such recommendations in principle that they may feel justified on the facts that are developed by them and their staff?

MR. STROUD: That is right, yes.

Q. And in that, of course, they would be concerned with protecting the railways and the long haul shipper and the short haul shipper all at the same time?

MR. STROUD: Yes.

Q. And that is quite a trick to do, isn't it?

MR. STROUD: I would think so.

Q. Just as a matter of interest, Mr. Stroud, in regard to paragraph 21 (c) on page five, is that not the work that is carried on now by the Industrial Traffic League? I was wondering what in addition you had in mind?

MR. STROUD: Mr. Sinclair, any constructive suggestion that we might put forward might sound to be a critical suggestion.

Q. I don't so take it at all. This is an opportunity for us to get some opinion, and I just wondered if we could get some views.

MR. STROUD: Well, we might lose a few railroad friends by the statement I am going to make. What has actually happened in the transportat-







Messrs. Stroud, Eley, Ratcliff  
(Sinclair) Cr.-ex.

1 ion field -- years ago when you had what we call,  
2 what we considered a monopoly -- the railways had  
3 a monopoly before the trucking people really got  
4 going -- we used to have a sales force from the  
5 railways come into our office and pay token calls;  
6 in other words, they would arrive and ask you how you  
7 were and was there anything they could do for you,  
8 and, as a matter of fact, it was a good fellowship  
9 meeting with a waste of time. Now, today, I feel  
10 personally that the railways haven't progressed  
11 with the sales value of the salesmen employed  
12 by industry. In other words, if our railroad  
13 representatives visited me, I would expect him to  
14 find out what traffic I was moving and whether  
15 he could participate in it, or I would expect him  
16 to dig to find out outside of my business what  
17 traffic I was moving and whether he could  
18 participate. As I say, the railway people are  
19 fine people, but I think they haven't progressed  
20 the same as the motor transport industry in getting  
21 business.

22 Q. There are some of them here, and I  
23 am sure you are going to be called on very, very  
24 shortly in view of what you said. But if that  
25 is what you had in mind, that is exactly what I  
26 was trying to find out. You are not asking this  
27 Commission to do anything about that, but I am glad  
28  
29  
30





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(Sinclair)

you have stated that.

THE CHAIRMAN: He is telling you, Mr.  
Sinclair.

MR. SINCLAIR: Yes, he is telling the  
railways, and we will certainly see that that part  
of the transcript is passed to the areas where it  
should be.

Thank you very much.

THE CHAIRMAN: Mr. Macdonald?

MR. MACDONALD: Mr. Stroud, I haven't got  
any questions to ask you. Your brief is very clear  
and I appreciate very much the time you have put  
into it. On behalf of Canadian National, may  
I say that your suggestions are going to be brought  
to the attention of the proper officers, and I am  
sure they will do something about them.

MR. FRAWLEY: And I would like to add to  
what Mr. Macdonald has said that they are to be  
commended as public citizens for coming here and  
presenting their views. There are far too few of  
them doing it.

THE CHAIRMAN: Well, Mr. Frawley, that  
is what we appreciated right across the country.  
We fixed our dates based on the experience of  
past Commissions, and then we found that there  
was so much interest and so much work being done  
that we have been working overtime. But we are







Messrs. Stroud, Eley, Ratcliff Cr.-ex.

glad to do it, because we appreciate very, very much what you people are doing to help us.

BY COMMISSIONER BALCH:

Q. What about the concept of a National transportation policy? Would you bring all those various forms you mention there under one head, one group, as the Board of Transport Commissioners?

MR. STROUD: Yes.

Q. In other words, the Inter-Provincial trucking would also come under the one governing body?

MR. STROUD: Not as far as rates are concerned.

Q. But the control?

MR. STROUD: Operational control?

Q. Yes.

MR. STROUD: Yes.

BY COMMISSIONER GOBEIL:

Q. Your suggestion for an increase looks on paper, at least, to me all right. For the first one hundred miles it wouldn't be compulsory. I mean, with the first one hundred miles, if they feel they don't want to apply it, you just have to make an agreed charge?

MR. STROUD: Well, normally on the first one hundred miles less than capacity traffic normally moves at rates -- I don't think that the maximum





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(Gobeil)

increase on the first one hundred miles would divert traffic to trucks.

Q. Suppose the railways want to avoid applying the full increase for certain types of traffic, you just have to go to some competitive rate or agreed charge?

MR. STROUD: Yes.

Q. It could always be avoided that way?

MR. STROUD: Oh, it could always be avoided. I think that the railways have taken the stand on a general increase that they increase the class rates but on any other rates they look before they increase.

BY COMMISSIONER MANN:

Q. Mr. Stroud, in paragraph 18, the organization deals with the other income. We discussed this with some of the other witnesses here. If you have an enterprise wholly owned by a railway company which is an inland transport enterprise, such as a truck line, directly competitive with the parent railway company, should the income from that truck line be calculated in the requirement formula of the Board of Transport Commissioners?

MR. STROUD: No.

Q. Is it because you say that it may prove a liability rather than an asset, or is it





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(Mann)

a matter of principle?

MR. STROUD: I think it is a matter of principle, because if you are going to set up your rate structure and your income, using the C.P.R. as a basis, and other railways don't have that inland transport, it wouldn't be a fair comparison.

Q. In Paragraph 19, you deal with the problem of the present way in which rates are decided. Now, would you go so far as to say that class rates should be decided regionally or divisionally in keeping with modern business practice?

MR. STROUD: This will be a personal answer, because we haven't discussed this.

Q. If you can't answer it, it doesn't matter. I just wondered if you had considered it.

MR. STROUD: Personally, I don't think the equalization scale is any good. I think that they should go back to the class rates in regions, in areas, to take care of the situations in those areas.

Q. Based on various cost characteristics or demand characteristics by the region?

MR. STROUD: Yes, that is correct. There is a lot to be said in setting up class rates in areas rather than taking care of the whole country.







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(Mann)

Q. Would you repeat the last one, please?

MR. STROUD: There is much to be said for class rates to be established for areas or regions rather than the whole country because your costs and your requirements vary in every area.

Q. That means, I suppose, that you could never hope to have a national transportation policy such as envisaged in the Transport Act today?

MR. STROUD: No, I think rather to the contrary.

Q. As an experienced traffic man, that would be your view?

MR. STROUD: That is my view.

Q. If the railways -- and Canadian National is working on that now -- were to put into effect a scheme of decentralization which would give more authority to regions, would that meet what you have in mind?

MR. STROUD: Yes.

COMMISSIONER MANN: I think that is all I have. Thank you.

BY COMMISSIONER PLATT:

Q. To follow this up a little further, if all class rates were set on a regional basis, do you think this might result in more traffic moving under class rates?





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(Platt)

MR. STROUD: I think it would result in more traffic moving, but it would just be according to what the competition would be.

Q. If these were set regionally, I suppose competition would be one of the things you would have in mind, and I wondered if you thought there would be more traffic moving that way rather than under competitive rates and agreed charges, which are, to some extent, devices for taking care of regional problems.

MR. STROUD: I think if there are regional class rates established, there would be a lot more traffic moving on those than under the equalization scale. Is that the question?

COMMISSIONER PLATT: I am just looking for information. I have no preconceived ideas on the matter at all.

BY COMMISSIONER MANN:

I was going to ask, if you would permit me, Mr. Platt, about the arrangement in column 100 down to --- I still prefer to call it class 100. It would allow for considerable flexibility; you would have, for instance, a class 15 ~~rate~~?

MR. STROUD: Yes.

Q. Would you think, then, just carrying on with what Mr. Platt asked you, that the classification lends itself to more flexibility which might







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(Mann)

permit the movement of a greater volume of traffic if the classification ratings were used more flexibly?

MR. STROUD: Yes.

MR. SINCLAIR: I wonder, Mr. Chairman, just arising out of that one point, if I may ask a question -- and I think we are interested in this. You know traffic men throughout the country?

MR. STROUD: Yes.

MR. SINCLAIR: This equalized class rate scale arose out of a movement championed by a number of people to bring about an equalized class rate scale. Would it be your view that since they have had what they asked for that they didn't find it as well as they expected it to be; is that the view of traffic men throughout the country?

MR. STROUD: Generally speaking, it has not proved out what they thought it would.

MR. SINCLAIR: And this also applies to people from Western Canada who were pressing for an equalized class rate scale?

MR. STROUD: It may be, but I wouldn't know that.

MR. SINCLAIR: I am talking about the traffic men you meet -- or is this a regional view?

MR. STROUD: Well, in my own personal companies





Messrs. Stroud, Eley, Ratcliff Cr.-ex.  
(Sinclair)

---nothing to do with the Association -- we have had to build two plants in Western Canada in the last year, which is probably a good thing for the national economy of Canada but not a very good thing for the railroads, due to this equalization.

MR. SINCLAIR: But insofar as traffic managers from Western Canada are concerned, we did not see them before this Commission. We saw mostly people of other professions or occupations, and I was wondering if your view concerning regional class rate scales is the view that you find in your traffic dealings -- whether it is the view throughout the country, or is it local?

MR. STROUD: Well, I haven't discussed this with any people out West. This has all been discussed with people in Eastern Canada.

THE CHAIRMAN: Thank you very much, Mr. Stroud and gentlemen, for coming.

MR. STROUD: I thank you, sir, and the members of your Commission for allowing us to present this brief.

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3 SUBMISSION OF  
4 CANADIAN TRANSPORT TARIFF BUREAU

5 APPEARANCES:

6 Mr. W.A.Wallace.

7  
8 THE CHAIRMAN: Mr. Wallace, you are  
9 appearing on behalf of the Canadian Transport Tariff  
10 Bureau?

11 MR. WALLACE: My name is W.A.Wallace,  
12 and I represent the Canadian Transport Tariff Bureau,  
13 with offices in Montreal and Toronto, and, as  
14 a matter of record, if any questions are asked,  
15 and I can answer them, that will be my own personal  
16 viewpoint and not necessarily that of our subscribers.

17 THE CHAIRMAN: You have submitted a  
18 submission?

19 MR. WALLACE: Yes.

20 THE CHAIRMAN: And you want that taken  
21 into the record?

22 MR. WALLACE: Yes.

23 Mr. Chairman and Commissioners, The  
24 Canadian Transport Tariff Bureau appreciates the  
25 opportunity of placing before the Commission  
26 some of its viewpoints on tariff matters regarding  
27 transportation of freight in Canada, and  
28 respectfully submits the following in the interest  
29 of a sound national transportation policy.  
30







1  
2  
3 The Transport Tariff Bureau has been compiling  
4 and publishing tariffs for the Transport Industry  
5 since 1939, following the Royal Commission on  
6 Transportation in the Province of Ontario in that  
7 year. Since that time we have gradually expanded  
8 until today we are compiling tariffs for transport  
9 companies from coast to coast and filing them on  
10 their behalf with the Provincial authorities where  
11 rate filing is in force, and with other Provinces  
12 on a courtesy basis, as well as having compiled  
13 tariffs for filing with the Inter-State Commerce  
14 Commission for a number of carriers.

15 In the Province of Ontario, although no rate  
16 filing or regulation of freight rates is in force  
17 for the Transport Industry, the majority of the  
18 carriers use a properly constituted tariff for  
19 rating purposes. In the Province of Quebec, there  
20 is rate filing and regulation of rates which has  
21 worked out very satisfactorily under the Chairmanship  
22 of Colonel J.J. Harold of the Transportation Board  
23 of the Province of Quebec. This Board has  
24 endeavoured to follow, as closely as possible, the  
25 rules of the Inter-State Commerce Commission of  
26 the United States. It has held many formal and  
27 informal hearings where the shippers and carriers  
28 alike have been heard. Anyone may protest a rate  
29 filed if it is considered not fair and reasonable  
30 or is discriminatory. As a matter of fact, the





1  
2 Quebec Board has initiated hearings on its own  
3 where it considers that the rate being filed is  
4 discriminatory and, if the evidence confirms  
5 this opinion, has ordered adjustment of the rate.

6       Insofar as the Province of Quebec is  
7 concerned, and interprovincially between Ontario  
8 and the Maritime Provinces, the railways can  
9 verify the filed rate or challenge it. If their  
10 investigation proves that the filed rate was not  
11 the actual rate used by the Transport Industry, they  
12 can file a complaint with the Transportation Board  
13 of the Province of Quebec who will investigate  
14 and, if the complaint is justified, order the  
15 carrier to collect the legally filed rate.

16       The Bureau feels that there should be  
17 Federal rate filing for the Transport Industry,  
18 at least on International and Interprovincial  
19 shipments. As it stands at present, there is no  
20 uniformity of regulation or of bills of lading  
21 from one province to another. These, to the  
22 Bureau's mind, should be on a uniform basis from  
23 coast to coast. Unless some Federal body,  
24 governing all means of transportation, comes into  
25 being, the rate situation will become more chaotic  
26 than it is now. Rates are frequently based on  
27 fear of competition, and pressure brought to bear  
28 by large shippers playing one means of transportation  
29 against another. If a rate is developed under  
30







1  
2 such circumstances, it leads of necessity to  
3 other rates being reduced, whereas, if all means  
4 of transportation were governed by the same source,  
5 these statements could be verified through that  
6 source and all shipments would bear a fair share  
7 of the cost of transportation. The Bureau has in  
8 mind what is taking place at the present time, that  
9 is, where incentive rates are used between  
10 Montreal and Hamilton, London and Toronto to  
11 arrive at combinations to points beyond, which is  
12 against the wording of the tariffs as they read  
13 at present, but is brought about, no doubt,  
14 by statements made by the shippers of what they  
15 can obtain from competitors. This has also  
16 brought about a reduction in certain other rates,  
17 thereby increasing the discriminatory nature of  
18 rates. This brings up a question as to what  
19 is meant by competitive rates, especially after  
20 the subsidization of the freight rate structure  
21 by rail, leaving out the transport industry. The  
22 Bureau has found that the majority of rates  
23 published by either the railways or the Transport  
24 industry are competitive, although not designated  
25 as such in all cases in the tariffs.

26 For these reasons we feel that Federal  
27 filing of rates and representation of the transport  
28 industry should be either part of the Board of  
29 Transport Commissioners or an independent Board  
30





1  
2 working with it to check into these complaints  
3 and arrive at a fair decision. Insofar as Intra-  
4 Provincial shipments are concerned, we also feel  
5 that there should be rate filing, under simple  
6 and easily understood regulation, keeping in mind  
7 the fact that the smaller enterprise would have to  
8 comply as well as the larger. We are not of the  
9 opinion that the authorities should set the  
10 rates but that the rates should be on file and,  
11 once on file, strictly enforced, and subject to  
12 contestation if they are felt to be not fair and  
13 reasonable, thereby retaining the right of the  
14 individual carrier to arrive at a rate  
15 satisfactory to his customer and to himself.  
16 No hard and fast rule can be laid down for each  
17 and every carrier as the cost picture of different  
18 means of transportation and of the individual  
19 carrier would vary according to conditions.

20 Regulation of public utilities in some  
21 degree is now universally recognized as a  
22 necessity, and the highway transport industry,  
23 as common carriers, as well as the railways,  
24 should, in the opinion of the Canadian Transport  
25 Tariff Bureau, be regulated ratewise by the  
26 appropriate Government authority. This Authority  
27 would not necessarily be the Board of Transport  
28 Commissioners as now constituted, as the Transport  
29 Industry has problems which the railways do not and  
30





1  
2 the Railways have problems which the Transport  
3 industry does not.

4 The Bureau would like to feel that the  
5 filing and enforcement of freight rates by the  
6 Federal Government, on Interprovincial and  
7 International shipments, would solve the troubles  
8 of the Transportation Industry. Having these rates  
9 filed and regulated by the Federal Government  
10 might not be the perfect solution, but would certainly  
11 help the situation as then the competing  
12 modes of transportation would at least be aware  
13 of what was the legally filed rate so that a  
14 shipper could not play one mode of transportation  
15 against another. At times a large shipper  
16 states that he will pay a carrier so much for his  
17 services as he can get his freight handled for this  
18 amount or less by competitive service. Not  
19 having rate filing, there is no positive means of  
20 verifying the shipper's statement so that a carrier  
21 is very likely to fall for it, especially if  
22 this carrier has built up his equipment over a  
23 period to serve this particular shipper. We have  
24 had the experience of a large shipper who had used  
25 a carrier for twenty years, then used the big  
26 stick over this carrier, who did not fall for  
27 it quickly enough and the shipper then assisted  
28 another company in obtaining a licence to serve  
29 the same points, cutting off the carrier who had  
30







1  
2 faithfully served him for a long period and thereby  
3 putting him out of business. This was in Ontario  
4 where rates are not controlled.

5 The big stick, of course, is sometimes  
6 used in reverse as in the hearing before the  
7 Board of Transport Commissioners, No. 40994.60  
8 covering the Agreed Charge case of automobiles  
9 between General Motors and the Railways. We  
10 quote an extract from the transcript of evidence  
11 in front of the Board of Transport Commissioners  
12 at Ottawa on October, 1, 1954, from Volume 949,  
13 pages 4644 and 4645:

14 Q. Has there been any reference  
15 in those negotiations to the  
16 abolition or prospective abolition  
17 in the competitive commodity charge?

18 A. There definitely has.

19 Q. And what was said?

20 A. Well, it was a case that we  
21 either sign the agreed charge here  
22 or we would lose our present scale of  
23 competitive commodity rates and  
24 revert back to first class.

25 Q. And that was your understanding  
26 with respect to the Agreed Charge  
27 negotiations?

28 A. Very definitely, right from  
29 the beginning.  
30





1  
2           Insofar as Nova Scotia, Quebec, Manitoba,  
3       Saskatchewan and British Columbia are concerned,  
4       there are Provincial regulations regarding the  
5       filing of tariffs. It is recognized that the  
6       methods adopted by the transports in Ontario are  
7       of a voluntary nature, that nothing binds the  
8       individual transport operator to perform this  
9       self-regulation, other than a desire to operate  
10      fairly upon a sound financial basis and a desire  
11      to provide the maximum of service to that section  
12      of the public using his services.

13           It is true that in Ontario today there  
14      are no regulations which compel the publishing and  
15      filing of tariffs, with a period of notice to the  
16      shipper and the provision of reasonable rates, or,  
17      in short, the type of rate regulation to which  
18      the railway companies are subject under the  
19      Railway Act. It is fallacy, however, to assume  
20      that the absence of government regulation, of the  
21      pattern set up by the Railway Act, will lead, or has  
22      led, to a complete lack of regulation of the  
23      individual transport operator. There remains the  
24      type of regulation imposed by the individual  
25      transport operator upon himself, mindful of his  
26      obligations to the persons who pay for his  
27      services, and mindful of the economic health of his  
28      own enterprise. It is not unreasonable to assume  
29      that the transport operator, with the experience  
30







1  
2 of the railway companies in Canada, the Railway  
3 Act itself, and the jurisprudence of the Board  
4 to draw on, would voluntarily impose upon himself  
5 those provisions adaptable to the highway common  
6 carrier. This has, in fact, been the case with a  
7 large number of transports.

8 We place these facts before the Commission  
9 to offset a number of statements whereby the  
10 railways place at the door of the highway transport  
11 industry the major part of the blame for any  
12 maladjustments that may exist in the freight rate  
13 structure in Canada today. It is not the  
14 purpose of the Bureau, in this short submission,  
15 to refute, or to attempt to refute, these charges  
16 on behalf of the transport industry, but we felt  
17 that these charges could lead to misconceptions  
18 in the mind of this Commission and in the minds of  
19 the shipping public at large, which should be  
20 corrected. The impression given tends to make  
21 one believe that the transport operator is a  
22 creature governed by no consideration of service,  
23 who does not adhere to tariffs available to shippers  
24 using his services, who is guilty of discrimination  
25 between shippers who handle similar goods  
26 between the same points, who adheres to no coherent  
27 rate structure, and who generally exists merely  
28 to provide unfair competition for the railways  
29 regardless of the interests of shippers or his own  
30





business.

It is proposed to consider briefly certain measures which have been voluntarily adopted in recognition of their obligation as common carriers. It is axiomatic that a coherent rate structure cannot exist without a classification of articles to be carried. A large number of transports for whom we publish tariffs recognize this fact and adhere to the same classification, that is, Canadian Freight Classification No. 20, as is used by the railways, for class rating of their less-than-truckload shipments as well as truckload where class rates are used. In any particular case, the classification may be made higher or lower than that contained in this publication by the issuing of exceptions, which is a condition similar to that of the railways. Again it is worthy of note that no Provincial law compels the use of a classification. Its use is solely a result of the realization that the growth of the enterprise required the facilities for conducting it efficiently to give adequate service to the shipping public. The experience in traffic matters of the rail and water carriers has again proved invaluable when adapted to Highway Transport conditions.





1  
2 It is a point worth emphasizing that class  
3 and commodity tariffs which the Bureau publishes  
4 are available to the shipping public, and we have  
5 a large list of subscribers. The adherence  
6 to these tariffs, by the carriers for whom they  
7 are published, has cut down sharply the haphazard  
8 quotation of rates with its consequent  
9 economically unsound results.

10 As has been the case with the railways and  
11 other carriers, it has been found necessary to  
12 establish commodity rates between certain points  
13 where the volume of traffic justifies it. These  
14 commodity tariffs are published in the same  
15 manner as the class tariffs and the rates are  
16 available to any shipper who can meet the  
17 requirements. These commodity tariffs have been  
18 built up over a period of years through  
19 applications made either directly through the  
20 transport concerned or through this office who  
21 contacts the interested carriers. This is similar  
22 to the applications made to the railways which  
23 may be made directly to the carrier or to the  
24 Canadian Freight Association.

25 It is apparent that an enterprise which  
26 has come so far towards self-regulation in the  
27 interest of the public will comply wholeheartedly  
28 with legislation directed to the same ends. The  
29 individual transport operator is fully aware of  
30







1  
2 what he, as a common carrier, owes to the public  
3 and is willing to assume his share of the  
4 responsibility for the movement of the country's  
5 goods.

6 No attempt has been made to present an  
7 exhaustive survey of freight rate methods used by  
8 the individual operators. It is submitted that  
9 enough has been shown to refute any inference  
10 of unnecessary or unfair competition in the  
11 field of freight rates. It is submitted that,  
12 far from the unprincipled and economically chaotic  
13 industry that it is represented to be, a majority  
14 of the individual transport enterprises have taken  
15 voluntary measures which result in a regulation  
16 of freight tariffs that compares favourably  
17 with the type of regulation imposed by the Railway  
18 Act.

19  
20  
21 THE CHAIRMAN: Now, any questions will be  
22 your own personal view?

23 MR. WALLACE: That is right.

24 MR. FRAWLEY: As I will not be here this  
25 afternoon, Mr. Chairman, could that be explained:  
26 Mr. Wallace's personal view as distinct from  
27 what?

28 MR. SINCLAIR: His subscribers, he said --  
29 to the Bureau.  
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MR. FRAWLEY: That is, shippers all over ---

MR. WALLACE: No, no; truckers.

MR. FRAWLEY: So, they would be your views rather than the views of Mr. Hume's clients?

MR. WALLACE: Yes.

MR. HUME: And is that true of the Brief, itself? It is only your personal view -- or has it been approved by your subscribers?

MR. WALLACE: A number of operators have seen it.

MR. HUME: But you prepared it?

MR. WALLACE: Yes.

MR. HUME: And it is, generally, your views?

MR. WALLACE: Yes.

MR. HUME: Thank you.

----Luncheon adjournment.

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Wallace Cr.-ex.  
(Sinclair)

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---On resuming at 2:00 o'clock, p.m.

MR. CUMMING: Mr. Chairman, I have no questions.

MR. MAURO: No questions.

MR. MACDONALD: No questions.

CROSS-EXAMINATION BY MR. SINCLAIR:

Q. Mr. Wallace, on page 4 you say that insofar as Nova Scotia, Quebec, Manitoba, Saskatchewan and British Columbia are concerned, there are provincial regulations regarding the filing of tariffs?

A. That is right.

Q. Could you tell the Commission which of those provinces in addition to requiring the filing of scales, that is class and commodity rates also require the filing of contract rates and making them public such as applies to the railways?

A. The Maritimes Provinces and Quebec.

Q. The Western Provinces do not?

A. Well, they have never asked us to.

Q. In point of fact, is it not right that British Columbia asked them to be made available to their regulatory Commission but will not make them available to the public?

A. That is correct.

Q. That is quite a contrary position





Wallace Cr.-ex.  
(Sinclair)

to the position of the railways where the agreed  
charged rates are available to the public?

A. That is right.

Q. And do you advocate filing of rates  
and making them public and do you include contract  
rates as well as scale?

A. I feel they should be open to the  
public.

Q. Both contract and scale?

A. That is right.

Q. Is it your experience that the  
method of enforcement for non-compliance of the  
filed rates is effective in these provincial  
jurisdictions?

A. In the Province of Quebec I would say  
it was effective.

Q. And in other provinces?

A. Not necessarily so.

MR. SINCLAIR: I think that is all, thank  
you.

BY MR. MANN:

Q. Mr. Wallace, that Federal body that  
you advocate governing all modes of transportation,  
you envisage that, of course, to a regulated truck  
transportation inter-provincially?

A. Yes.





Wallace Cr.-ex.  
(Mann)

Q. Only interprovincially?

A. Yes.

Q. What about intraprovincial operations of an inter-provincial carrier which has now been given or was given some time ago to the jurisdiction of the Federal Government, would you take that out?

A. Well, if the Provincial Government would act on a uniform basis it might work out but unfortunately they are not doing so.

Q. Then your idea would be for the Federal Government to only assume part of this jurisdiction and leave the other part of the jurisdiction to the Provincial Government, is that it?

A. No, that is not my own personal opinion. My opinion would be that the Federal Government should control it all but, unfortunately, due to the set up of the Provincial laws I do not think it could be done at present.

Q. Now, under the Privy Council decision in the McKenzie Coach Line case the intraprovincial operation of an inter-provincial carrier are also within the Federal Government jurisdiction?

A. Yes.

Q. And you would then figure that the Federal body that you suggest should not only control







Wallace Cr.-ex.  
(Mann)

the inter-provincial truckers but also the intra-provincial operations of an inter-provincial carrier?

A. I would say so, yes.

Q. Now, on page 3, you are advocating that the authorities should not set the rates but that the rates should be on file and once on file should be strictly enforced and that any shipper can go to the authority and ask for the rates to be investigated. Does that not, in your opinion, amount to setting of rates? It is a two-step proposition rather than a one-step proposition?

A. Yes.

Q. Whether you call it filing of rates and control afterwards or whether you call it setting of rates by the authority, it does not make much difference?

A. No. The reason for that was there are certain carriers operate at a lesser cost than others and I would not like to see the Government set the rate.

MR. SINCLAIR: I cannot hear you very well back here.

A. The Government should not set the rate, but the rate should be filed according to the carriers carrying the product at a given rate.





Wallace Cr.-ex.  
(Mann)

BY MR. MANN:

Q. There is not much difference, it is a two-step proposition. In the first case it is filed and someone protests and then the Government body sets the rate. It might as well set the rate in the first instance, might it not?

A. In that case, yes.

Q. Now, you use the words "common carrier" in relation to the highway trucker. To your knowledge are there any instances where highway carriers, say class A licence in Ontario are turning away traffic that is undesirable? Does that ever happen?

A. No, I would say that they carry all traffic but the rate may be high on certain freight.

Q. You could by means of a certain rate discourage certain traffic?

A. Yes. Such as pop-corn.

Q. You leave that to the express?

A. Yes.

MR. SINCLAIR: To the railways.

BY MR. MANN:

Q. In the last paragraph on page 3 of your submission you say:

"Having these rates filed and regulated by the Federal Government might not be the perfect solution, but would certainly







Wallace Cr.-ex.  
(Mann)

help the situation -----"

And this is what I want to draw your attention to:

"As then the competing modes of transportation would at least be aware of what was the legally filed rate-----"

And so on. That is only on inter-provincial stuff?

A. Yes.

Q. And much of the competition between rail and truck takes place intraprovincially?

A. Personally I think the rate should be filed Provincially as well so then the railways or ourselves would know what is on file.

Q. On page 6, Mr. Wallace, you direct the attention of the Commission to the fact that the railway and a large number of transports adhere to classification 20. In your opinion, should they?

A. It seems to be the only reference handy at the present time to segregate your freight into different classes.

Q. Has your Bureau ever made any attempt to develop a National motor truck classification?

A. Yes, unfortunately it was too costly.

Q. Do you think such a National motor truck classification is desirable?

A. I would say yes.

Q. And that it might differ from





Wallace Cr.-ex.  
(Mann)

Canadian freight classification 20?

A. In certain respects, yes.

Q. That would be because of what?

A. Well, there are certain commodities Canadian freight classification does not describe and we might give an item a different classification.

Q. And the ratings in such a motor truck classification, bearing in mind the different classes of highway transportation, might be higher or lower than C.F.C. 20?

A. That is right.

Q. Are all your commodity rates on your tariff available to the public? Every one of them?

A. What we call our straight commodity, our contract rates are not.

Q. You describe those as commodity tariffs?

A. Yes.

Q. And when you say:

"It is a point worth emphasizing that class and commodity tariffs which the Bureau publishes are available to the shipping public -----"

You make that exemption?

A. Yes.

Q. Are there any agreed charges amongst the trucking industry in Ontario?





Wallace Cr.-ex.  
(Mann)

A. I would say no, not as agreed charges.  
We call them contract rates.

Q. And those are a tariff that are not  
available?

A. That is right.

Q. Do you think, Mr. Wallace, that  
contract rates should be made on the cost of service  
of the truck?

A. We would like to say so, but  
unfortunately we have never been able to work it  
out on that basis.

MR. MANN: Thank you very much.

MR. PLATT: I have no questions.

CROSS-EXAMINATION BY MR. HUME:

Q. Mr. Chairman, I apologize for being  
late, but I was unavoidably detained. I have no  
questions except I am advised in answer to a  
question of my learned friend Mr. Sinclair, Mr.  
Wallace made a comment that would indicate a  
truck regulation in some of the other provinces  
other than Quebec which is not necessarily effective  
and I wanted to explore that problem. We were  
instructed in the West that the regulations of  
provinces such as Manitoba, Saskatchewan and British  
Columbia had a variety of modes of doing it.  
Are you suggesting that is not as effective in those







Wallace Cr.-ex.  
(Hume)

provinces as it is in Quebec?

A. No, it is not as effective so far  
as our experience has been.

Q. Have you branches in the West?

A. No, we just go out West, travel  
west from our Toronto office. We serve the  
West from the Toronto office.

Q. Who is the "we" you speak of?

A. Our staff.

Q. And, for instance, we were told in  
Regina that if a truck rate is filed or set,  
whatever the scheme is there, that it could not be  
changed without a hearing. Is that your  
understanding?

A. Intra-provincial, not inter-provincial.

MR. MANN: Thank you very much.

THE CHAIRMAN: Thank you, Mr. Wallace.

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SUBMISSION OF  
THE HOT COAL COMPANY

APPEARANCES:

Mr. J.C. Willoughby, President.

1. The Canadian railways in the past two years have lost very large tonnages of coal by reason of the consumers changing to the use of natural gas for their fuel needs. A large coal tonnage had already been lost to fuel oil and this continues, but the change to natural gas is occurring much more rapidly. Figures available, including those of the Dominion Bureau of Statistics, indicate the rapid growth in the use of natural gas; and the First Report of The Royal Commission on Energy includes an estimate that requirements in the area from Saskatchewan to Quebec will have increased eleven-fold from 1958 to 1963, a five-year period.

2. There are two classes of fuel users who will justifiably continue to use gas or oil or convert to the use of gas or oil in the future:

(a) those in Northern Ontario and in Quebec who are relatively closer to the source of the natural gas or oil and relatively further away from the source of coal supplies, and







(b) those in Southern Ontario who will use gas or oil for its convenience and to whom cost is not a prime consideration.

The latter group is made up mostly of householders who have been hand-firing their furnaces with Anthracite but also includes a relatively small number of householders and small commercial establishments which have been using stoker-fired bituminous coal.

By Southern Ontario, I refer in general to the area south of Georgian Bay.

3. However, in this Southern Ontario area with its high density of industry and population, there has always in the past been a large market for bituminous coal, from which the Canadian railways have derived large revenue, and very good revenue for the services involved. Since Western natural gas has become available, many industrial and medium-sized commercial users have converted from coal to natural gas, and the trend continues at a rapid pace, thus reducing the railways' revenue from the haulage of coal.

4. In my opinion this is due entirely to an inequitable freight rate situation. Briefly, rates on bituminous coal from United States mines to Southern Ontario are published as two separate factors; to and from Detroit or to and from Buffalo. As regulatory bodies in the





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2  
3 United States and Canada have authorized freight  
4 rate increases, these increases have been applied  
5 to each factor of the total rate. In other words,  
6 U.S. increases have been applied to the  
7 Canadian portion of the rate. To demonstrate  
8 the effect this has had in the period from 1948 to  
9 the present, a representative instance would be  
10 the rate of bituminous coal from Wayland, Ky.  
11 to Kitchener, Ont. In 1948 the rate from Wayland  
12 to Detroit was \$3.20 and it has been increased  
13 to \$4.54 (41.9%) and the rate from Detroit  
14 to Kitchener which was \$1.40 has been increased  
15 to \$2.70 (92.9%). These increases amount to  
16 \$2.64 per ton. A comparable 1948 rate of \$4.60  
17 to a destination in the United States that had been  
18 subject to only one set of increases would today be  
19 \$5.95, an increase of only \$1.35. Thus the  
20 rate to Kitchener has been increased by \$1.29 more  
21 than the same rate to a U.S. destination.

22 5. In January of 1959 I wrote to  
23 principal interested U.S. railroads and to the  
24 Canadian National Railways and Canadian Pacific  
25 Railways pointing out that the excessively high  
26 rates on bituminous coal as demonstrated above  
27 was the direct cause of their having lost, and  
28 continuing to lose, large coal tonnages. Within  
29 two weeks the U.S. railroads had discussed the  
30 subject at one of their Committee meetings, and





1  
2 they requested the Canadian railways to meet them  
3 for joint discussions. The Canadian railways  
4 have never agreed to this, and while I have  
5 continued to write them at their Montreal traffic  
6 headquarters giving many instances of coal  
7 traffic they have lost I have been given no  
8 indication that the matter is even being considered.  
9 I have even ventured an opinion that a  
10 reduction of 75¢ per ton(as compared to the  
11 amount of \$1.29 by which the rates have been  
12 excessively increased), divided between the  
13 U.S. and Canadian railroads, would be sufficient  
14 to cause most industries to continue the use of  
15 coal, and return many others to the use of coal.  
16 I think the same would also be true of commercial  
17 buildings such as apartments, that use or have used  
18 stoker-fired bituminous coal.

19 6. A downward adjustment of these all-  
20 rail rates would have an additional and important  
21 advantage to the Canadian railways. There has been  
22 for some years a tendency of many coal users,  
23 large and small, to have their coal trucked to them  
24 from storage piles on docks at Hamilton, Port  
25 Burwell, etc., to save the labor cost of unloading  
26 railway cars. A reduction such as herein  
27 proposed would make it more economical for them  
28 to purchase their coal for direct shipment from the  
29 mines by rail through to destination, the most  
30







1  
2 logical means of transportation of a low-cost  
3 bulk commodity, and lower rates would return this  
4 additional tonnage to the Canadian railways.

5 7. For the purpose of identifying  
6 myself as being qualified to make the proposal  
7 contained in this Brief, I have sold coal on a  
8 wholesale basis for the past ten years, and am  
9 intimately acquainted with the change-over that  
10 has been occurring in Southern Ontario to fuels  
11 other than coal; and prior to the past ten  
12 years I had been in railroad traffic work for 27  
13 years, during the last 20 of which I was closely  
14 associated with freight rate matters, especially  
15 as regards coal.

16 8. I realize there are many factors that  
17 sometimes prevent the railways making prompt  
18 rate adjustments, but the adjustments I propose  
19 are simple, without complications, if the  
20 railways would take their heads out of the sand  
21 and stop sitting on their hands. Prompt action  
22 would halt their heavy continuing losses of  
23 valuable coal tonnage, and in a return of tonnage  
24 they have already lost.

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27  
28 THE CHAIRMAN: I think I should say,  
29 Mr. Willoughby, that we are by our terms of reference  
30 enjoined from interfering with the Board of Transport





1  
2 and while we will receive your submission, actually  
3 we cannot reduce rates. You understand that?

4 MR. WILLOUGHBY: I understand you can  
5 recommend action on it, though.

6 THE CHAIRMAN: Well, we can take your  
7 submission and give consideration to it, but we  
8 do not interfere with the Board of Transport.

9 A. Well, specific rates are involved,  
10 of course, and I think the rates are losing so much  
11 railroad business from that anyway that it does  
12 come within the terms of reference.

13 THE CHAIRMAN: Well, Mr. Willoughby, you  
14 might identify yourself further.

15 A. I am J.C. Willoughby, President of the  
16 Hot Coal Company of Waterloo, Ontario.

17 THE CHAIRMAN: Not the oil company?

18 A. No, sir.

19 COMMISSIONER BALCH: What is the difference  
20 between hot coal and cold coal?

21 A. That is a good point and there are  
22 two ways of interpreting "hot", too.

23 THE CHAIRMAN: In Western Canada we talk  
24 of hot oil and that is a nasty word to you.

25 A. Yes.

26 THE CHAIRMAN: You are asking that your  
27 submission be taken into the record?

28 A. If possible, sir.

29 THE CHAIRMAN: Yes, it will be taken in,  
30







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2 MR. CUMMING: Mr. Chairman, in view of  
3 your remarks and the fact that Mr. Willoughby's  
4 brief deals with rates, I have no questions.

5 MR. HUME: Not having seen the brief,  
6 I have no questions.

7 MR. MAURO: I have not heard a word Mr.  
8 Willoughby said, but I assume the Commission will  
9 be examining.

10 MR. MACDONALD: No questions.

11  
12 CROSS-EXAMINATION BY MR. SINCLAIR:

13 Q. Just one point possibly. You refer  
14 to the rate on a short haul in Canada for coal  
15 increasing proportionately more than a rate for a  
16 long haul in the United States and this is one  
17 of the points which you feel is correct. The  
18 reason for that, Mr. Willoughby, is because in  
19 increasing coal rates both in Canada and the United  
20 States the practice has always been to increase  
21 them not by percentages but by a flat increase  
22 in cents per hundred pounds and, therefore, the  
23 short haul shipper takes a proportionately heavier  
24 burden of the increase. You believe that  
25 percentage increases on coal across the board would  
26 be preferable to the flat increases, is that  
27 what you are advancing to the Commission?

28 A. No, that is another way of going at  
29 the same thing but I have no quarrel with the way  
30





Willoughby Cr.-ex.  
(Sinclair)

the rates have been increased. My quarrel is with what the rate has become as between two groups of carriers, American and Canadian. It is not just the Canadian carriers involved, but they could take care of their own part of this difficulty. My point is that aside from my own selfish interest the railroads are being very short-sighted in not doing anything to stop the heavy loss on coal traffic to the natural gas and oil. In other words, I am going at it from the point of view of the railroads, I figure I am on the same team.

Q. That is nice to know that you so figure. My point with you, and this is a matter of principle that the Commission is interested in, what you are saying is you are not concerned as to how the rates are increased but you want an adjustment that would in effect change the level because of the way they have been increased?

A. Because of the results of the way they have been increased.

Q. And if they had been increased percentagewise instead of by a flat rate you may have got the results you are seeking?

A. Quite possibly.

THE CHAIRMAN: Where does your coal come from?





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Willoughby Cr.-ex.  
(Sinclair)

A. Mostly Kentucky and West Virginia  
and Ohio.

Q. No Canadian coal?

A. No, sir.

Q. None from the Maritimes or Alberta?

A. No. The Maritimes coal is pretty  
well all tied up in the hands of one company and  
an operator like myself could not get it if he  
wanted it and I don't want it.

MR. MAURO: I wonder, not having seen  
this brief, but there is one single question  
arising out of what my learned friend has asked you,  
in light of what you told my learned friend and what  
I assume is in your submission, I assume that you  
would support a scheme such as one that based rate  
increase on half cents per hundred pounds and  
half by percentage increase?

A. That would make it much better, it  
would be a better system.

MR. BALCH: No, I have no questions.

COMMISSIONER PLATT: On page 2, paragraph  
4, have you ever discussed with the Board the  
matter of their trade from one place to another?

A. On bituminous coal from the United  
States to Canada?

Q. Yes.

A. I never have. I know the question







Willoughby  
(Platt)

was up some 30 or 35 years ago and because of the fluctuations in exchange for inter-line settlements ---I forget-- either the Canadian railroads or the American railroads did not wish through rates.

COMMISSIONER MANN: Q. On that point, you know, of course, that the railways have published an exchange surcharge tariff?

A. Yes.

Q. So that there is no difficulty. There are through rates on other movements in spite of the exchange differential. That would not be the reason now?

A. No, I do not think so. Since then they have published through rates on bituminous coal to Quebec and the Maritimes.

COMMISSIONER PLATT: Q. Why have you not been able to get them?

A. I have not been able to get them to do it to save their tonnage. I doubt I would have much success in trying to induce them to adopt a certain method. That is something for the railways to decide internally.

Q. You in fact have not asked for this particular thing?

A. A through rate?

Q. Yes.

A. No, sir.





Willoughby

COMMISSIONER PLATT: That is all, thank  
you.

THE CHAIRMAN: Thank you, Mr. Willoughby.

MR. WILLOUGHBY: Thank you, Mr. Chairman.

THE CHAIRMAN: The Canadian Metal  
Mining Association.

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SUBMISSION BY

THE CANADIAN METAL MINING ASSOCIATION

APPEARANCES:

MR. V.C. WANSBOROUGH,	Managing Director Canadian Metal Mining Association
MR. K.G.HENDRICK,	Assistant Sales Manager, Noranda Mines Limited.
MR. A. HARRIS,	Traffic Manager, Rio Tinto Mining Company of Canada Limited.
MR. R.G.MACKAY	Secretary-Treasurer, Sherritt-Gordon Mines Limited.

MR. WANSBOROUGH: I very much regret that three of our Directors who were here yesterday have been unable to appear here today. My colleagues are: on my right, Mr. K.Hendrick, Assistant Sales Manager, Noranda Mines; Mr. A.Harris, Industrial Relations Consultant, Rio Tinto Mining Company of Canada, Limited; Mr. Gordon MacKay, Secretary-Treasurer of Sherritt-Gordon Mines Limited. My name is Wansborough, and I am vice-president and managing director of Canadian Metal Mining Association.

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Wansborough

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Members of the Royal Commission on Transportation,  
Mr. Chairman and Gentlemen,

1. The Canadian Metal Mining Association greatly appreciates this opportunity of presenting to you the views of its member companies, with particular reference to the railway freight rate structure of this country and its impact on the mining industry.

2. The Canadian Metal Mining Association is a national organization, the membership of which is constituted by the great majority of producing mines in Canada, responsible for the production of such base metals as nickel, copper, lead and zinc, of uranium, iron ore, gold and silver, as well as certain industrial minerals, including asbestos and magnesium.

3. A list of the member companies of this Association is attached as an appendix to this brief, and from it you will see that the Association membership is broadly representative of all segments of the mining industry in this country.

#### CANADIAN RAILWAYS AND THE MINING INDUSTRY

4. Railway transportation is of tremendous importance to the Canadian mining industry. Indeed, to a greater extent than to most major Canadian industries, railway transportation is an essential factor in the economics of operations.

5. For many of our mining operations, no





alternative form of transportation is available,  
and the mines must depend wholly on transportation  
by railroad for getting their products to market and  
for receiving incoming supplies.

6. It will be known to members of this  
Commission that the mining industry is a vital segment  
of the Canadian economy. The total dollar value  
of mineral production in Canada in 1959 is  
computed by the preliminary figures of the  
Dominion Bureau of Statistics to have been \$2.4  
billion, an increase of two and a half times during  
the last ten years, and the total dollar value  
of metals produced amounted to \$1.3 billion,  
almost three times the total of 1949.

7. The mineral industry is responsible  
for approximately 28 per cent of total Canadian  
exports.

(Exports of Minerals and their Products  
in Relation to Total Export Trade)

	1958		1957	
	\$ Millions	% of Total	\$ Millions	% of Total
Raw material	672.9	13.9	661.2	13.7
Semiprocessed	689.3	14.3	840.6	17.4
Fully manufactured	351.0	7.3	370.9	7.6
Total	1,713.2	35.5	1,872.7	38.7
Total, exports of all products	4,830.4	100.0	4,839.1	100.0

8. Mineral products transported by  
Canadian railways amounted in 1958 to 58.9 million  
tons and constituted 38.7 per cent of all revenue







1  
2 freight carried. Basic minerals and mineral  
3 products in all stages of manufacture amounted to  
4 75 million tons, or 49.3 per cent of all  
5 revenue freight. In 1957 the freight operating  
6 revenue of Canadian railways amounted to \$1,080  
7 million, a great proportion of which was derived from  
8 the large tonnage of mine products transported.

9 (Source: "Summary of Developments in the  
10 Canadian Mineral Industry, 1958", by  
11 B.F. Burke, Department of Mines and  
Technical Surveys, Ottawa.)

12 9. While it is not possible, because of  
13 the great diversity of materials and commodities  
14 involved, to give an exact breakdown of the tonnage  
15 carried by the railways into mining areas  
16 and mining communities, we are advised that, in  
17 many areas, this is greater in tonnage than the  
18 volume of products brought out.

19  
20 NEW RAILROAD CONSTRUCTION

21 10. As the mining industry has expanded  
22 enormously since the end of the Second World War, the  
23 railways have expanded with it. We note that  
24 during this period a very high percentage of all  
25  
26  
27  
28  
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1  
2  
3 the new railroad track constructed in Canada has  
4 been constructed solely for the purpose of serving  
5 mining areas and mining communities, as the  
6 latter open up new areas for development and  
7 settlement.

8 11. Attached to this submission is a map  
9 on which are drawn new railway lines and spurs  
10 built and under construction for this purpose since  
11 the war.

12 12. The total mileage of new railway  
13 track built for the purpose of servicing the  
14 mining industry by the Canadian National Railways,  
15 the Canadian Pacific Railway, private companies  
16 such as the Quebec North Shore and Labrador  
17 Railway, and the railway now under construction  
18 by the Quebec Cartier Mining Company, amounts in  
19 all to 1,386 miles.

20 13. It is also to be noted that financial  
21 guarantees from the mining companies concerned  
22 are generally required before a new railroad is  
23 built.

24 14. The mining industry therefore has  
25 a special interest and stake in railway transportat-  
26 ion, just as railways find the mining industry one  
27 of the most important factors in developing  
28 their revenues.  
29  
30







CANADIAN FREIGHT RATE STRUCTURE

15. Freight rates are usually a major operating expense in the delivered cost of mineral products. Distinction must be made between those mining companies which operate in geographically remoter parts of the country and those, such as operations in the Sudbury Basin or the Eastern Townships of Quebec, which are now readily accessible by other means of transportation than railway.

16. Since the war, the tendency in the mining industry has been to shift from mines of smaller tonnage, producing metals of high value, such as gold, to large-scale operations producing vast quantities of heavy-bulk concentrates and metals. Many new ore deposits are discovered, opened up and developed in remoter areas, and for this reason, and because of the problem of moving heavy-bulk material, no means of transportation other than railroads can service such operations.

17. A good illustration of the difference in freight rates between areas where competitive means of transportation are available and those which can be served only by railway is afforded by the transportation of explosives. Where no competing means of transportation exist, the





1  
2 railroads stay strictly to the 100 per cent of  
3 first-class, on the ground that special hazards  
4 are involved. In other areas, however, where  
5 competition is keen, the railroads take a  
6 different view of this type of cargo and carry it  
7 at rates well below 50 per cent of first-class.

8 18. The impact of freight rates, therefore,  
9 on the mining industry varies according to the locat-  
10 ion of the mine. But however great this variation  
11 may be, freight costs are a very important factor  
12 in mine operating costs.

13  
14 FREIGHT RATES AS A FACTOR IN MINE OPERATION COSTS

15  
16 19. An instance may be given of a  
17 nickel-copper producer in northern Manitoba which  
18 is served entirely by a railroad. That company  
19 estimates that the freight revenue derived from  
20 its operation is equivalent to more than 30 per  
21 cent of the company's operating costs.

22 20. In determining the economic  
23 feasibility of a new property, the factor of  
24 freight rates and the possibility of freight rate  
25 increases are an important element. They can be  
26 a crucial factor in determining whether or not an  
27 ore deposit can be economically mined, and a new  
28 frontier opened up, and frequently are the  
29 crucial factor.  
30





1  
2 21. As regards mines already in  
3 operation, any increase in freight rates will have  
4 the effect of shifting the break-even point  
5 between ore and waste rock.

6 22. In the case of the mine already  
7 mentioned, the last 17 per cent increase in freight  
8 rates on concentrates shipped from the mine forced  
9 the company to eliminate hundreds of thousands  
10 of tons of low-grade material from their ore  
11 reserves. This tonnage was therefore lost to  
12 transportation; first, in the form of concentrates  
13 to the smelters and refineries, and, secondly, in  
14 the form of refined metal and other by-products  
15 from the refineries to market.

16 23. It should be noted also that such ore  
17 left in place in the sequence of normal mining  
18 operations is, in most instances, lost for all  
19 time to come. It cannot be assumed that changed  
20 competitive freight conditions or improved  
21 technological methods will, at some future date,  
22 make economic recovery possible. Such low-grade  
23 ore which cannot be recovered in the normal  
24 sequence of operations becomes a permanent loss  
25 to the national economy.

26  
27 INTERNATIONAL COMPETITION

28  
29 24. In the last few years international  
30







1  
2 competition for markets has sharpened to a degree  
3 which has not been experienced for a very long  
4 time past. Every element of cost, therefore, is  
5 of extreme importance, and freight costs,  
6 being such a large element of operating costs, have  
7 to be scrutinized most carefully.

8 25. Metal producers sell for the most  
9 part on overseas markets, where prices are  
10 determined by the free play of supply and demand.  
11 The following table shows a comparison of the  
12 average annual prices of principal metals for  
13 1948 and 1959.

14 (Source: "Engineering and Mining Journal").

	<u>1948</u>	<u>1959</u>	<u>% change</u>
17 Copper	22.04 ¢/lb	31.18 ¢/lb	plus 42%
18 Lead	18.04	12.21	minus 32%
19 Zinc	13.56	11.46	minus 16%
20 Nickel	36.50	74.00	plus 103%
21 Iron ore	6.04 \$/LT	11.45 \$/LT	plus 90%

22 26. During the comparable period, domestic  
23 freight rates increased 157 per cent (or 142 per  
24 cent if the \$20 million subsidy is taken into account).

25 27. It is clear that any upward pressure  
26 in railway freight rates is therefore a matter of  
27





1  
2 major concern to the mining industry and  
3 particularly so with sharpened international  
4 competition, and in some cases with subsidized  
5 shipping.

6  
7 FREIGHT RATE STRUCTURE  
8

9 28. The mining industry has observed  
10 with some concern the system of horizontal freight  
11 increases which has been put into effect since  
12 the war. Under this system, bulk mine products,  
13 which must be transported long distances to  
14 consuming areas, are particularly vulnerable.  
15 Freight charges become high relative to market  
16 values\*, and to rates on short-haul commodities able  
17 to use other means of transportation. While rate  
18 adjustments have sometimes been possible when  
19 need or justification was shown, the inherent  
20 disadvantages of long-haul traffic are exaggerated  
21 by such horizontal increases.

22 \*(During 1959, freight on zinc concentrates  
23 from the Noranda area to United States  
24 smelters represented 46 per cent of the  
value of concentrates at the mine)

25  
26 29. It is not surprising that, while  
27 the railways have participated in the general  
28 growth of traffic, their relative share has  
29 declined. Much of the higher-valued traffic is now  
30







7573

carried by motor transport, operating on a national road network to which the trucking industry contributes only a fraction of the cost. The growth of truck transportation is revealed by 1957 figures, which show that the trucking industry handled 46 per cent of inter-city tonnage. This compares with 31 per cent carried by rail.

30. It is natural for the most efficient transport medium to expand in relation to others. However, it is our belief that all transportation media should have equal competing opportunities, and that the railways are in this respect at a definite disadvantage. Not only must their overall rates cover full costs, including maintenance and return on the rail system, but the railways themselves are subject to closer regulatory control and to questions of national policy, which seem to be influenced by political expediency.

31. We note, for example, that the combined annual loss sustained by the Canadian Pacific Railway and the Canadian National Railways under the statutory Crow's Nest grain rates is reported to exceed \$70 million. An official of the Canadian Pacific Railway has stated that, in 1958, grain moving at these rates accounted for 26 per cent of the ton-miles moved, but produced only 9 per cent of the revenue, and further, that if the rate increases instituted since 1948 had





1  
2 applied to grain they would have totalled only  
3 101.5 per cent instead of the actual 157 per cent,  
4 to yield the same revenue.\*

5 \*"The Case Against Fixed Freight Rates";  
6 interview with G.F.Buckingham,  
7 Canadian Pacific Railway Vice-President  
8 (Traffic), and C.D.Edsforth, General  
9 Traffic Manager. Saturday Night.

10 32. It is our belief and contention that  
11 the practice of horizontal freight rate increases does  
12 not represent any final satisfactory solution to  
13 the freight rate problem in this country. That  
14 problem has been considered at various times by commiss-  
15 ions and as a continuing study by the Board of  
16 Transport Commissioners for Canada and its  
17 predecessor.

18 33. Circumstances have dictated ad hoc  
19 solutions to particular problems, especially by  
20 way of attempting to rectify inequities which  
21 have developed over the years, and to spread  
22 transportation costs in as painless a manner as  
23 possible. The Maritime Freight Rates Act, the  
24 Crow's Nest Pass rates, in later years the  
25 "Bridge" subsidy, and most recently the subsidy  
26 of \$20 million to alleviate the impact of the 17  
27 per cent increase in freight rates, are examples  
28 of piecemeal attempts to solve particular problems.  
29 The effect, however, has been to grant benefits  
30





1  
2  
3 to some shippers and to some areas, without  
4 spreading the added burden equitably over all shippers  
5 and all areas. A further effect has been to increase  
6 the burden on some industries, and especially on  
7 mines operating in areas where there are no  
8 competing means of transportation.

9  
10 RAILWAY OPERATING COSTS

11 34. In these circumstances, and because  
12 of the imperative need to keep all cost factors at  
13 the lowest possible level in the face of sharply  
14 increased international competition, especially  
15 for the primary exporting industries on which the  
16 economy of Canada is so vitally dependent, we  
17 believe that a searching examination should be made  
18 into all the elements of railway operating costs,  
19 which must in turn largely determine freight rate  
20 charges.

21 35. We note such recommendations as those  
22 made by the Royal Commission on Canada's Economic  
23 Prospects, that action is still needed to provide  
24 the railways with greater freedom in abandoning  
25 obsolete lines and, by other means, to cut their  
26 losses on uneconomic operations.

27 36. We also believe that it would  
28 be appropriate and desirable to see that more  
29  
30







modern and efficient labour practices are introduced into railway operations. It is our understanding that work rules established many years ago, and under entirely different conditions, are still in effect, though completely outmoded. Recurrent labour disputes between the railways and the railway unions give at least prima facie reasons for believing that the pressure of organized labour is an important factor in overall operating railway costs. In this connection we would refer to the statement in the chapter on "Transportation" in the final report of the Royal Commission on Canada's Economic Prospects that "Wages account for 60 per cent of railroad operating outlays".\*

\*Railway Employees, Salaries and Wages, Canada, 1937-1957.

Year	Employees No.	Total	Average	Ratio Operating	
		Salaries	Salaries	Salaries and Wages to	
		and	and	Gross	Operating
		Wages	Wages	Earnings	Expenses
		\$	\$	%	%
1937	133,753	193,557,663	1,447	49.8	58.8
1939	129,362	200,373,668	1,539	50.3	60.7
1941	148,746	252,398,865	1,697	42.0	56.0
1943	169,663	323,801,645	1,908	37.8	52.5
1945	180,603	371,814,379	2,159	43.8	55.2
1947	184,415	429,843,142	2,331	54.7	62.2
1949	192,366	523,453,375	2,721	58.5	62.9
1951	204,025	624,682,752	3,062	57.5	63.9
1953	211,951	724,077,574	3,416	60.0	65.8
1955	195,459	674,875,767	3,453	56.3	64.3
1957	212,426**	791,529,117	3,726	62.7	65.7





1  
2 37. We are also of the opinion that,  
3 whether by the removal of restrictions or by other  
4 means, the railways should be permitted and  
5 encouraged to experiment with new methods, new  
6 equipment, new pricing practices and new  
7 services.  
8

9 38. The development of northern Canada  
10 is a vital element in the economic growth of this  
11 country and a major plank in the government's  
12 official policy. The principal instrument of such  
13 development is the mining industry, which needs  
14 the assistance of the most economical forms of  
15 transportation available, and indeed will be  
16 requiring new railroad construction, such as  
17 that now under consideration to service the base  
18 metal deposits of Pine Point on the south shore  
19 of Great Slave Lake. Certainly the lowest  
20 possible transportation costs are one of the  
21 principal keys to the successful opening up of  
22 northern Canada.  
23  
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RECOMMENDATIONS

39. In the light of these considerations, it appears to us that what is essentially required is a new and searching look at all our transportation facilities, with a view to establishing a well-integrated, economical and efficient transportation system, based on the "cost of service" principle.

This is our major, overall recommendation.

Within this general framework we beg to suggest the following specific recommendations for the consideration of the Commission.

1. It is recommended that railway transportation costs be reviewed, with the object of:

- (a) defraying the losses incurred by the railway companies as a result of the "Crow's Nest Pass Agreement" by a subsidy from the federal government;
- (b) making mandatory revisions in certain railway labour and administrative practices which are known to be inefficient and outmoded;
- (c) granting the railways more freedom of action to abandon obsolete lines, to eliminate losses on passenger traffic, and in any other respects to abolish uneconomic practices.





2. It is recommended that railway companies be permitted and encouraged to engage more actively in other modes of transportation, such as truck, boat, pipelines and airlines, both in combination with rail and otherwise so that, by offering through rates to destination, including transfer and transport from rail connections, more efficient and profitable operations may result.
3. It is recommended that steps be taken to eliminate or reduce materially inequities in the freight rate structure arising from rating certain sections of railroad as "short-line carriers".
4. It is recommended that steps be taken to eliminate or reduce materially inequities which have arisen in the freight rate structure from the practice of instituting horizontal freight rate increases periodically since the end of the Second World War.

40. In conclusion, we might emphasize our sense of the tremendous importance of holding down to reasonable levels all costs, of which freight





rates are an important element, so that Canadian industries may have fair and reasonable opportunity of maintaining their export trade and competing with some hope of success in the current highly competitive conditions prevailing in world markets.

CANADIAN METAL MINING ASSOCIATION

MEMBER COMPANIES

MARCH 1960

Algom Uranium Mines Limited  
Algoma Ore Properties, Limited  
American Smelting and Refining Company-Buchans Unit  
Asbestos Corporation Limited  
Aunor Gold Mines Limited  
Barnat Mines, Limited  
Bell Asbestos Mines Ltd.  
Bicroft Uranium Mines Limited  
Bralorne Pioneer Mines Limited  
Broulan Reef Mines, Limited  
Caland Ore Company, Limited  
Campbell Chibougamau Mines Limited  
Campbell Red Lake Mines Limited  
Canadian Dyno Mines Limited  
Canadian Exploration, Limited  
Canadian Johns-Manville Co., Limited  
Canadian Malartic Gold Mines Limited  
Cassiar Asbestos Corporation Limited  
Cochenour Willans Gold Mines Limited  
Coniarum Mines Limited  
Consolidated Denison Mines Limited  
Consolidated Discovery Yellowknife Mines Limited  
Consolidated Howey Gold Mines, Limited  
Consolidated Mining and Smelting Company of Canada  
Limited, The  
Delnite Mines, Limited  
Dome Mines Limited  
Dominion Magnesium Limited  
East Malartic Mines, Limited  
East Sullivan Mines Limited  
Elder Mines Limited







1  
2 Eldorado Mining and Refining Limited  
3 Falconbridge Nickel Mines Limited  
4 Faraday Uranium Mines Limited  
5 Gaspe Copper Mines Limited  
6 Geco Mines Limited  
7 Giant Yellowknife Gold Mines Limited  
8 Granby Mining Company, The  
9 Gunnar Mines Limited  
10 Hallnor Mines, Limited  
11 Heath Steele Mines Limited  
12 Highland-Bell Limited  
13 Hilton Mines Ltd.  
14 Hollinger Consolidated Gold Mines, Limited  
15 Hudson Bay Mining and Smelting Co., Limited  
16 International Nickel Company of Canada, Limited, The  
17 Iron Ore Company of Canada  
18 Johnson's Company Limited  
19 Kerr-Addison Gold Mines Limited  
20 Kirkland Minerals Corporation Limited  
21 Labrador Mining and Exploration Company Limited  
22 Lake Cinch Mines Limited  
23 Lake Shore Mines Limited  
24 Lamaque Mining Company Limited  
25 Leitch Gold Mines Limited  
26 Little Long Lac Gold Mines Limited  
27 Macassa Mines, Limited  
28 MacLeod-Cockshutt Gold Mines, Limited  
29 Madsen Red Lake Gold Mines Limited  
30 Magnet Cove Barium Corporation  
Malartic Gold Field Limited  
Manitou Barvue Mines Limited  
Maritimes Mining Corporation Limited  
McIntyre Porcupine Mines, Limited  
Milliken Lake Uranium Mines Limited  
Mining Corporation of Canada, Limited, The  
New Calumet Mines Limited  
New Dickenson Mines Limited  
Newmont Mining Corporation of Canada Limited  
Nipissing Mines Company Limited, The  
Noranda Mines, Limited  
Normetal Mining Corporation, Limited  
Northspan Uranium Mines Limited  
Opemiska Copper Mines (Quebec) Limited  
Pamour Porcupine Mines, Limited  
Paymaster Consolidated Mines, Limited  
Pickle Crow Gold Mines Limited  
Preston East Dome Mines, Limited  
Pronto Uranium Mines Limited  
Quebec Iron and Titanium Corporation  
Quemont Mining Corporation, Limited  
Rayrock Mines Limited  
Renable Mines, Limited  
Rio Tinto Mining Company of Canada Limited, The  
San Antonio Gold Mines Limited





1  
2 Sheep Creek Mines Limited  
3 Sherritt Gordon Mines Limited  
4 Sigma Mines (Quebec) Limited  
5 Stadacona Mines (1944) Limited  
6 Stanleigh Uranium Mining Corporation Limited  
7 Stanrock Uranium Mines Limited  
8 Steep Rock Iron Mines Limited  
9 Sylvanite Gold Mines, Limited  
10 Teck-Hughes Gold Mines, Limited, The  
11 United Asbestos Corporation Limited  
12 United Keno Hill Mines Limited  
13 Upper Canada Mines Limited  
14 ViolaMac Mines Limited  
15 Waite Amulet Mines, Limited  
16 Willroy Mines Limited  
17 Wright-Hargreaves Mines, Limited  
18 Yukon Consolidated Gold Corporation Limited, The  
19  
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Wansborough Cr.-ex.  
(Cumming)

CROSS-EXAMINATION BY MR. CUMMING:

Q. Mr. Wansborough, I direct your attention to paragraph 7 of your submission, on page 2, in which you submit that the mineral industry is responsible for approximately 28 per cent of total Canadian exports. I wonder whether you could tell the Commission something of the character of the movement involved in that export volume. Where are the markets?

MR. WANSBOROUGH: I think probably some of my colleagues can answer in more detail. Far and away the largest market is the United States, but there are some shipments going to Europe and a few to Japan, but possibly some other gentleman here would like to reply more specifically.

Q. The shipments to the United States -- are they principally shipments by rail?

MR. WANSBOROUGH: Yes. The great exception, I suppose, is the iron ore shipments across the Great Lakes.

Q. I am interested as well in the figures you give at the bottom of the page, Mr. Wansborough. I notice that as between 1957 and 1958 there was an increase in the export of raw material but quite a marked falling off for both semi-processed and fully manufactured minerals and mineral products. Can you tell us to what that shift in the composition





Wansborough Cr.-ex.  
(Cumming)

of the export movement is attributable?

MR. WANSBOROUGH: I would say it is chiefly attributable to the development of two very large segments of the industry: First, Iron - ore and, secondly, uranium.

Q. Being both shipped ---?

MR. WANSBOROUGH: In the raw material category.

Q. Is the net decline in semi-processed -- the absolute decline in semi-processed and fully manufactured --- is that attributable, in the view of your Association, to rate problems or to market problems?

MR. WANSBOROUGH: I think, to market problems, to shifts in the industry, to the development of iron-ore and uranium, but not to rate problems.

Q. I see. In paragraph 13, in dealing with the general subject of new railroad construction, you point out that as a general matter the financial guarantees from mining companies are required before a new line is built. Can you tell the Commission what form these guarantees take? What is the nature of the guarantees that the railways require of you?

MR. WANSBOROUGH: I think, that as treasurer and secretary of one of the companies,





1 Wansborough, Hendrick, Harris, MacKay Cr-ex.  
2 (Cumming)

3 Sherritt-Gordon, that had one such railway built,  
4 Mr. MacKay might be able to give some details.

5 MR. MACKAY: I think, in answer to that  
6 question, really what the railroads are seeking  
7 is proof of feasibility of the industry to which  
8 they are going to construct an extension of the  
9 line. In the case of Sherritt-Gordon, they  
10 extended the line some one hundred and fifty miles  
11 beyond the end of steel, and in order to ensure  
12 that it would be an economic success over its life  
13 they required that Sherritt-Gordon, in addition  
14 to the Federal Government, make a contribution  
15 towards the capital cost of the construction of  
16 that line. The Sherritt-Gordon contribution was  
17 in the form of an annual payment that is  
18 refundable in part after a certain tonnage has been  
19 attained. In other words, when the railroad has  
20 paid back its capital expenditure, then, as the  
21 mine continues to produce, after that time it will  
22 get a rebate of the principal amount that it has  
23 advanced to the railroad. Does that answer your  
24 question?

25 Q. Yes, indeed. I was going to ask you  
26 one more about it though. Are these requirements  
27 generally acceptable in the industry? Do you think  
28 they are reasonable or do you feel they are  
29 something you are stuck with?  
30







Wansborough, Hendrick, Harris, MacKay Cr.-ex.  
(Cumming)

MR. MACKAY: I am afraid you cannot generalize on it. Each situation must be taken on its own face value. The longer the line obviously the greater the proof of feasibility required before you can expect the railroad as an industry to make that investment and set up what they hope will be a profitable venture. It is the same as any other segment of industry.

Q. You think the railways' requirements in this regard are reasonable in that line?

MR. MACKAY: I do not think you can generalize on it.

Q. You mentioned another matter in paragraph 17, on page 4. This is an illustration of the difference in freight rates between areas where competitive means of transportation are available and those where a railway is the only available means, and the instance you cite particularly is a comparison of rates on explosives. Is this a complaint on the part of your Association about this situation, or is it merely a competitive situation which you recognize and accept?

MR. WANSBOROUGH: If I may say so, this is put in purely to illustrate the point of the differences that might arise where competition is present and where competition is absent.

Q. I take it you have no quarrel with the





1 Wansborough, Hendrick, Harris, MacKay Cr.-ex.  
2 (Cumming)

3 railways meeting that competition and making it a  
4 lower rate?

5 MR. WANSBOROUGH: Far from it.

6 Q. I suppose your complaint is that  
7 you cannot get such a rate where there is no such  
8 competition?

9 MR. WANSBOROUGH: I do not know that we can  
10 accept the word "complaint". It is certainly  
11 a point of great interest to us.

12 Q. And of course, if the railways did  
13 not meet that competition, then the rate would  
14 probably be available from a competitive mode and  
15 the traffic would be lost to the railways?

16 MR. WANSBOROUGH: Yes.

17 Q. Under the heading of "Freight Rates  
18 as a Factor in Mine Operation Costs", you speak of  
19 a nickel-copper producer in northern Manitoba.  
20 Are you referring there to the movement of concentrates,  
21 from Lynn Lake to Fort Saskatchewan?

22 MR. WANSBOROUGH: That is the illustration,  
23 yes.

24 Q. I am advised, Mr. Wansborough, that as  
25 of September the 29th of last year the 17 per cent  
26 increase was removed. Is that correct?

27 MR. WANSBOROUGH: From this particular ---?

28 Q. On this particular movement.

29 MR. WANSBOROUGH: We have a high official of  
30







1  
2 Wansborough, Hendrick, Harris, MacKay Cr.-ex.  
3 (Cumming)

4 the company that you can ask the question of ---  
5 Mr. MacKay.

6 MR. MACKAY: No. The percentage increase  
7 was not removed. The rate was re-negotiated on a  
8 different basis. Also, this reference applies  
9 to all freight emanating from Lynn Lake, the  
10 tonnage of copper concentrate as well as the tonnage  
11 of nickel concentrate. It also refers to a  
12 substantial tonnage of fertilizer that is a by-  
13 product from the refining operation.

14 Q. When you say that the increase was  
15 removed, when the rate was re-negotiated, did it  
16 go back to its level of the period prior to the  
17 increase?

18 MR. MACKAY: Fairly close to it, yes.

19 Q. And I suppose the effect, then, was that.

20 MR. MACKAY: The request to examine the rates  
21 had been made prior to the increase. It has been  
22 under consideration for some time.

23 Q. What I am getting at is this. Did the  
24 re-negotiation of the rate there affect the situation  
25 that is explained in paragraph 23?

26 MR. MACKAY: No. This takes it into account,  
27 if that is what you mean.

28 Q. In paragraphs 26 and 25, you set out  
29 the picture of the up and downs of mineral prices  
30





1 Wansborough, Hendrick, Harris, MacKay Cr.-ex.  
2 (Cumming)

3 and you point out that during that same period  
4 that is covered in those figures the domestic  
5 freight rates have risen an effective 142 per cent.  
6 Has the mining industry generally had to bear  
7 the full impact of the post-war ~~percentage~~ increases  
8 or are you exempted through competitive rates and  
9 things of that sort?

10 MR. HARRIS: I would say that in some  
11 instances there were some exemptions but in the main  
12 the mines have to absorb the full impact of the  
13 increase as well as most industries, and the fact  
14 that most mining companies are located in areas  
15 where there is no competition, they probably  
16 absorb to a greater extent the full percentage  
17 increases.

18 Q. You are what is described as captive  
19 traffic to the railways for the greater part?

20 MR. HARRIS: Yes, to the greater extent.

21 Q. Is there any significant movement  
22 of minerals on agreed charges or competitive rates?

23 MR. HENDRICK: There are some agreed  
24 charges for concentrates, but by and large the  
25 large majority of the shipments are on commodity  
26 or competitive rates.

27 Q. Have you any figures at all that  
28 would show us the proportion as between the two  
29 classes, or could you give us an estimate?  
30





1 Wansborough, Hendrick, Harris, MacKay Cr.ex.  
2 (Cumming)

3 MR. WANSBOROUGH: We have not got them but  
4 we would be most happy to make them available to the  
5 Commission.

6 Q. If you could, Mr. Wansborough, that  
7 would be most appreciated, and they could be  
8 filed when they are forwarded. Perhaps in making  
9 up those figures it would be as well to segregate  
10 out coal tonnage.

11 MR. WANSBOROUGH: Yes. I should explain  
12 that coal is not an item here at all.

13 MR. HENDRICK: To clarify that point -- do  
14 you wish the current situation or for the last few  
15 years?

16 MR. CUMMING: If you could take a five  
17 year period, so that we might see some trend, if  
18 that would appear. There is just a matter of  
19 clarification. In paragraph 29 you are talking  
20 about the growth of truck transportation. Can  
21 you tell us the source of the figures that you  
22 give there for 1957, where you say that the  
23 trucking industry handled 46 per cent of the  
24 inter-city tonnage in 1957?

25 MR. HARRIS: I am not of much help in this.  
26 It was I who dug those figures up, but I think  
27 they came from the Automotive Transport Association  
28 figures.

29 MR. HUME: Perhaps this is a good time  
30







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for me to put these figures on the record.

The D.B.S. figures for 1957  
for percentage of inter-City tonnage are 55.63 per  
cent for rail, and 6.52 per cent for trucks.

THE CHAIRMAN: Is that for-hire trucks?

MR. HUME: No. It is divided into rail,  
road, pipeline and inland water and air, It is  
an estimate by the Railway Association, it is  
indicated. My understanding is that this is the total a  
includes all road, not necessarily for-hire.

THE CHAIRMAN: The hire would be in as  
well?

MR. HUME: Yes, sir.

MR. CUMMING: I am sorry, Mr. Harris, what  
was the source that you told me?

MR. HARRIS: I thought it was the Automotive  
Transport Association figures, but I understand it  
wasn't. However, we will have those for you, Mr.  
Chairman.

Q. There is obviously quite a disparity.

MR. HARRIS: Yes. I shall have it for you.

Q. Now, on page 7, in paragraph 32,  
and it appears again in your recommendations, you  
say that it is the belief and contention of your  
Association that the practice of horizontal freight  
rate increases does not represent any final  
satisfactory solution to the freight rates problem





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3 in this country. You will gather that there has  
4 been a good deal of talk before this Commission  
5 about the problem of freight rate increases.  
6 Does your Association have any views as to how  
7 that problem is to be resolved?

8 MR. HARRIS: As we have heard in the last  
9 day or so we have been here, it is a problem in which  
10 no one has suggested any real solution, and I  
11 presume it is a matter that this Board will have  
12 to consider, and it may be a division of percentage  
13 increases and some proposition whereby there is a  
14 flat increase on the per one hundred pounds may  
15 work out more satisfactorily than the horizontal  
16 percentage increases or the horizontal total  
17 increase. I think some division of that may  
18 work out more satisfactorily. That is partly  
19 percentage and partly a straight across-the-board  
20 increase.

21 Q. You are asking for the Commission to  
22 proceed along these lines, but you are not putting  
23 forward any specific suggestion to resolve that  
24 problem?

25 MR. HARRIS: No.

26 Q. And you recommend as well that a  
27 subsidy be paid in respect to the Crow's Nest Rates  
28 on export grain. This appears on page 9, in  
29 paragraph 1 (a) of your recommendations.  
30







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3 Does your Association have any views as to how  
4 this should be paid?

5 MR. WANSBOROUGH: I don't believe that  
6 matter has been discussed by our Association at  
7 all. I don't think they wish to go at this time  
8 any further than suggesting that as far as they  
9 are concerned an agreeable way of meeting this  
10 is a subsidy from the Federal Government.

11 Q. Further up the page, on page 9,  
12 paragraph 39, you say it appears to you that what  
13 is essentially required is a new and searching  
14 look at all our transportation facilities, with  
15 a view to establishing a well-integrated, economical  
16 and efficient transportation system, based on  
17 the "cost of service" principle. May I ask, does  
18 your Association consider that mineral products  
19 should pay the fully-distributed costs of their  
20 movement?

21 MR. MACKAY: Would you put that question  
22 again a little bit clearer?

23 Q. You suggest these rates should be  
24 based on a cost of service principle. Now, is that  
25 the way that rates for mineral products should be  
26 established and, if so, do you think that mineral  
27 products should or can pay fully distributed costs?

28 MR. MACKAY: Oh, yes, I would think so.

29 Q. And if I may back-track for just a moment,  
30





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in paragraph 37 on the previous page you say that the railways should be permitted and encouraged to experiment with new methods, new equipment, and so on, whether by the removal of restrictions or other means. Are there any restrictions on the railways at the present time that you have in mind when you make this suggestion?

MR. HARRIS: I think what our Association has in mind there is that perhaps there are more restrictions as far as the railways are concerned as one means of transportation in Canada than there are on other means of transportation in Canada.

Q. Restrictions of what sort are you considering?

MR. HARRIS: Regulations; regulations such as restrictions under the Board of Transport Commissioners.

Q. You mean class rates?

MR. HARRIS: Class rates, establishment of competitive rates and so forth.

Q. What about safety requirements and other matters of that sort? Do you feel that they impede the railways?

MR. HARRIS: No, not in matters of that sort. They have to have safety requirements. Perhaps in addition to these are restrictions related to another matter that we touch on in part





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3 of this brief, and that is perhaps associated with  
4 labour relations.

5 Q. So it is in the field of rate-making?

6 MR. HARRIS: In the main, yes.

7 Q. Then you say that the railways should  
8 be encouraged by other means. Now, apart from  
9 the removal of these stifling regulations, what  
10 other means do you have in mind?

11 MR. HARRIS: Other means, sir, may include  
12 the integration of various services such as the  
13 Canadian Pacific has undertaken on the Pacific  
14 coast at the moment. This is the sort of thing  
15 we have in mind, to reduce the overall cost of  
16 transportation.

17 Q. Do you feel that there should be  
18 Government assistance in this avenue?

19 MR. HARRIS: Government assistance perhaps  
20 not in the way of money but in the way of  
21 encouragement in legislation.

22 Q. And, similarly, on page 10, in your  
23 recommendations you suggest that the railway  
24 companies be permitted and encouraged to engage  
25 more actively in other modes of transportation.  
26 What sort of encouragement in that regard have you  
27 in mind?

28 MR. HARRIS: It relates to what I have just  
29 said in regard to integration of various modes of  
30







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transportation, and it is tied in with what I have said also in regard to what has been done in Vancouver, Canadian Pacific, perhaps, as you know, embarked on quite a project which makes them across Canada; I don't know. The railways are probably finding themselves hemmed in by considerable legislation, and I think perhaps a loosening of legislation may help them to extend the scope of that legislation.

Q. Then in paragraph 3 it is recommended that steps be taken to eliminate or reduce materially inequities in the freight rate structure arising from rating certain sections of railroad as "short-line carriers". Now, can you just tell the Commission, in elaboration of this paragraph and this recommendation, what sort of inequities are resulting from this short-line rating?

MR. HARRIS: There are in Canada several small lines that are operated beside Canadian Pacific and Canadian National, and sometimes in conjunction with them, where the local rates are not always on the same basis as the long-haul rates, and quite often there is a combination of rates to and from the short-haul.

Q. Are you thinking of asbestos and the Quebec Central?





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MR. HARRIS: That is right.

MR. CUMMING: That is all that I have,  
Mr. Chairman.

THE CHAIRMAN: Mr. Hume?

CROSS-EXAMINATION BY MR. HUME:

Q. Mr. Wansborough, may I direct one or two questions to you, and perhaps some of your colleagues may answer. First of all, if you look, just in passing, at page 4, paragraph 17. You point up in that paragraph one of the things, possibly, that is seen quite often in reviewing this brief, and do I understand what you are saying is that where there is no competitive means of transportation the railways put on their class commodity rates, and they meet competition by the lowering of rates or some kind of inducement like the competitive rates or agreed charge. Is that what you are saying?

MR. HARRIS: Yes.

Q. May I ask you whether it is the view of your Association that competition is the sort of thing you would like to see encouraged and expand?

MR. HARRIS: I think it is difficult to give an unqualified answer to that. Naturally, one would hope to see competition expand to a







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point where long-haul rates would be on a competitive basis, where people up in the Flin Flon area would get competitive rates, but it is simply impossible because of the situation in the area. We could single out a number of places where it is impossible under the present situation, and while we may have the view that it is a good thing, it isn't possibly for the mining industry as a whole at the present time.

Q. Your Association, as I understand, for example, is very interested in having the load limits for explosives on highways increased.

As a matter of fact, I think you have made very active steps in that direction, where the load was increased from four thousand to ten thousand pounds?

MR. HARRIS: Yes, the Association did that.

Q. And this was so that the operator may carry more explosives and thus compete more efficiently?

MR. HARRIS: Yes, that would be so.

Q. And you have quite a few of your member companies, in fact, located some distance from railhead and they depend upon the highway services in some cases to provide your necessary services, to bring out the products?





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3 MR. HARRIS: That is the case with some  
4 companies I am connected with, but it is only a  
5 minor part of the whole association.

6 Q. You are connected with the Rio Tinto  
7 group and you are separated at Elliott Lake by  
8 some thirty miles from the railway.

9 MR. HARRIS: On an average it is about  
10 twenty.

11 Q. Your whole community is serviced by  
12 highway traffic exclusively?

13 MR. HARRIS: No. We have rail to railhead  
14 and then highway, yes.

15 Q. But Elliott Lake itself is not on  
16 railhead?

17 MR. HARRIS: No, but it is no different  
18 to any of the places in the vicinity of Toronto.

19 Q. So what you are saying in paragraph 17,  
20 is that if you are responsible for getting more  
21 revenue to the railways you would like to see  
22 competition; if you are responsible for paying  
23 the freight rates you would like to see the rates  
24 lowered?

25 MR. HARRIS: No, I wouldn't say that.

26 Q. You would not say that?

27 MR. HARRIS: No.

28 Q. May I ask you to turn to paragraph 26.  
29 This is where you refer to the permissive increase  
30





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of 157 per cent. This is only just for  
clarification: are you suggesting there that  
your industry paid the 157 per cent?

MR. WANSBOROUGH: No, I don't think we are,  
exactly. The point there is to contrast the  
different changes up or down in the average annual  
prices of principal metals with the result of  
freight rate increases which have affected our  
industry as well as every other. If I may say  
so, that has to be read in conjunction with  
the point that is very prominent in our minds,  
indeed, and that is the importance to this country  
of export.

Q. But insofar as paragraph 26, standing  
by itself, is concerned, that 142 per cent --  
that is the permissive increase -- I have looked  
up some 15 agreed charges enjoyed by members of  
your Association, and they would not take the  
increases unless there was an escalator clause in  
the agreed charges.

MR. HARRIS: Most of them had escalator  
clauses.

Q. Does any important part of your  
product move on competitive rates -- either market  
competitive or water competitive?

MR. HARRIS: I don't know what percentage  
does, but a good percentage does not move on







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competitive rates.

Q. And I think you said to my friend Mr. Cumming that you have not developed just what the increase has been so far in order to make a comparison between your table in paragraph 25 -- you don't indicate the actual increase, but just the permissive increase?

MR. HARRIS: We haven't got the full impact shown there.

Q. Mr. Harris, may I draw your attention to paragraph 29 and discuss the question we were discussing with Mr. Cumming. You say you can't remember where you got the figures and I haven't any idea where you got it -- this 46 per cent of inter-city tonnage as opposed to 31 per cent carried into city by rails may be looking a long way to the future, but that is far from the situation today. I think you will agree with that. As I read that sentence I get the impression that you are trying to say that truck transportation has grown so large it is, in fact, moving 46 per cent of the total inter-city tonnage, and if that was your intention, perhaps I may draw to your attention what I regard to be a basic error.

MR. HARRIS: When I get the source of this I will clarify it for the benefit of the Commission and yourself.





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Q. But, irrespective of the source, was the purpose of those two sentences to indicate the growth of truck transportation?

MR. HARRIS: Quite right.

Q. What I have in my hand -- and I will be glad to file it -- is an estimate made by D.B.S. for inter-city ton miles performed in Canada in 1957, and this is so much out of line with these figures that perhaps I may give them to you again, and you can check them: Rail was 55.63 per cent; water inland, estimated by the Railway Association and adopted by D.B.S., 24.89 per cent; pipeline 12.92 per cent; air .03 per cent; and road 6.52 per cent. I think you will find that is perhaps a little more in line with the situation?

MR. HARRIS: I think we are comparing apples and oranges here. You are talking of ton miles, whereas this was tons.

Q. Tonnage?

MR. HARRIS: Yes, and they are two different things.

Q. Yes, but there is such a spread between these two figures that I thought you may find it useful to have them.

MR. HARRIS: Would you have the tonnage figures?







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Q. D.B.S. has them. I have the National estimate for 1957, but this is strictly road, and I would have to compare them with the national figures for all carriers.

THE CHAIRMAN: How complete are those figures of D.B.S.?

MR. HUME: They are qualified, Mr. Chairman, in the introduction to their publication.

THE CHAIRMAN: They were very incomplete some years ago.

MR. HUME: Yes, Mr. Chairman, when you and I were before the Turgeon Commission, they were completely inadequate, but may I say that now, the questionnaires that are answered, as indicated by their introductory paragraph in their publication, indicates a very much better response. In fact, they say at page eleven, that response from the for hire truck owners was very favourable and this probably results from their interest in obtaining trucking statistics, but they are not receiving 100 per cent information from all of the operators, and to that extent they are merely estimates, and they are shown as such. It is something like the Waybill Analysis; it provides a picture but not an accurate figure.

MR. MANN: When you say they are not getting 100 per cent from all the operators, is that from





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all the operators in Canada, or from all the operators in the 20 per cent sample?

MR. HUME: I think it would be in the 20 per cent sample, because at the very end, they set out by Provinces the number of questionnaires they sent out -- for hired, private, inter-city and farm, and the total they get back is obviously part of the samples.

COMMISSIONER MANN: This is a little less than the 20 per cent samples.

MR. HUME: Yes.

Q. May I ask you now to look at paragraph 29. You complete the first sentence by something that I just wondered what you had in mind: you talk about the development of the road network to which the trucking industry contributes only a fraction of the cost. Well, anything less than 100 per cent is a fraction: what did you have in mind there, and what was the basis of your information?

MR. HARRIS: There are quite a lot of authorities dealing with this subject, and I don't think anyone has figured out the portion paid by trucks. But, there was quite a study made and I would like to refer the Commission to this: The Economics Of Competition of Transportation Industries, which was done at the request of one of the Canadian Railways, and in it there is





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quite a lot of information with respect to the very question just asked, and even there they haven't figured it out. They say it would depend upon the circumstances. But, it is well known to all of us that the cost of constructing roads in this country has not been met by the automotive industry.

Q. As I understand this study to which you refer -- that was conducted at the request of the Canadian Pacific Railway?

MR. HARRIS: Yes.

Q. Did you make any studies to indicate whether the combined total of licence and gasoline taxes in the provinces of Canada are equal to road construction costs?

MR. HARRIS: No, I haven't.

Q. When you speak of the trucking industry, you are speaking of the for hire industry?

MR. HARRIS: Yes.

Q. Are you aware of some estimates, made by the Provincial Government of the percentage being paid by the for hire industry?

MR. HARRIS: No, I haven't. I would like to see them and see if they include all costs, such as highway maintenance.

Q. Oh, yes. Let me put this to you -- and I don't want to open up this subject, because it is a time consuming one. However, the matter







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3 of collecting revenues and the building and  
4 maintenance of roads is a Provincial matter, and  
5 would you not think they would be collecting  
6 sufficient revenues to properly compensate for the  
7 use of the roadways?

8 MR. HARRIS: I would not think so.

9 THE CHAIRMAN: Will you be dealing with that  
10 phase of the matter in your submission, Mr. Hume?

11 MR. HUME: No sir, unless the Commission  
12 directs it. You may recall at the last Royal  
13 Commission this question was raised by a submission  
14 of the railway Association, and the Commission  
15 ruled at that time that was a matter under Provincial  
16 Jurisdiction and they did not want to go into it.  
17 We will be glad to deal with it, but it will mean  
18 an extra week in time.

19 THE CHAIRMAN: Well, I would think the  
20 Commission would like it to be prepared, anyway.

21 MR. HUME: I am prepared right now to  
22 say on the basis of information I am given from the  
23 Department of Highways and the Department of  
24 Transport in Ontario on their estimate for 1956 --  
25 that all trucks in 1956 were paying 45 per cent  
26 of all highway construction, maintenance and repair  
27 in Ontario, but it is only an estimate because  
28 they can't estimate how much gasoline they buy.

29 COMMISSIONER ANSCOMB: When you say they  
30





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pay 45 per cent of the cost of construction as well as the operation and maintenance of the highway, you surely don't mean the gasoline tax is paying 45 per cent of the cost of the construction in any given year?

MR. HUME: Yes sir --- 1956.

THE CHAIRMAN: My friend is thinking of British Columbia.

MR. HUME: Well, perhaps it will be of assistance to Commissioner Anscomb if I say that according to some information which I have here from the Department, in 1956 the total amount collected in licence fees and fuel taxes -- and of course, I must warn you that fuel taxes have been estimated, because without going to every for hire trucking firm, they could not get that information -- the total amount paid in 1956 was \$70,673,000, which was 45 per cent ----

MR. SINCLAIR: That is not for hire.

MR. HUME: No, I am sorry, that is all truckers.

MR. SINCLAIR: Including city truckers.

MR. HUME: That is true, but it was 45 per cent of the total taxes paid in the Province. I will get for you the amount spent in Ontario. I wasn't expecting it to come up this afternoon. I will get the amount spent in







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3 Ontario for the same year, which would then permit  
4 us to allocate it.

5 THE CHAIRMAN: It would be useful.

6 MR. SINCLAIR: Including the city costs,  
7 also.

8 MR. HUME: I don't know whether those are  
9 available.

10 MR. SINCLAIR: I think there are  
11 difficulties here, that you can't make these  
12 comparisons on the broad basis they are being  
13 done, because they take licences -- I think the  
14 point is that Mr. Hume -- and I am quite sure  
15 you want to point this out -- has got licence fees  
16 and estimated gasoline taxes added together,  
17 and he is going to express them as a percentage  
18 of the Provincial obligations with respect to  
19 highway construction and maintenance, but part  
20 of the gasoline tax -- and indeed, maybe a very  
21 large part of it -- is related to urban operations  
22 and part of the licences are, and I don't know  
23 how they can be separated out -- and rural.

24 MR. HUME: I was unaware any part of the  
25 gasoline taxes were allocated to the municipalities.

26 MR. SINCLAIR: No, but they are spent  
27 within the municipalities, and you have got 100  
28 per cent of the revenues on one side and not all  
29 the expenses.  
30





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THE CHAIRMAN: We have got off on a tangent now; we will come back to this later.

MR. HUME: That is all I have, Mr. Chairman.  
---Short recess.

THE CHAIRMAN: Order, please, Gentlemen.  
Mr. Mauro?

CROSS-EXAMINATION BY MR. MAURO:

Q. I notice, Mr. Wansborough, that on paragraph 8 of your submission appear certain figures and I will read the paragraph:

"Mineral products transported by Canadian Railways amounted in 1958 to 58.9 million tons and constituted 38.7 per cent of all revenue carried. Basic metals and mineral products in all stages of manufacture amounted to 75 million tons, or 49.3 per cent of all revenue freight."

Now, we have made a rapid calculation from the Waybill Analysis and we have ascertained that mineral products represent 13.3 per cent of total rail revenue in 1958. Would that be correct?

MR. SINCLAIR: Which page?

MR. MAURO: Page 2.

MR. WANSBOROUGH: May I inquire by whom





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we are being interrogated?

MR. MAURO: I am sorry, my name is  
Mauro and I represent the Province of Manitoba.

MR. WANSBOROUGH: I wonder if you would  
mind repeating the tail end of that question.

Q. You set out in that paragraph that  
mineral products transported by Canadian Railways  
amounted in 1958 to 58.9 million tons and  
constituted 38.7 per cent of all revenue freight  
carried.

MR. WANSBOROUGH: Right.

Q. We have made a calculation from the  
Waybill Analysis for the same year and it is our  
calculation that during the same year while  
mineral products represent 38.7 per cent of all  
revenue, freight also represents 13.3 per cent of  
total revenue?

MR. WANSBOROUGH: You are speaking of total  
revenue of freight across Canada?

Q. Yes.

THE CHAIRMAN: Revenue as against tons.

Q. Now, you might calculate it  
subsequently for yourself and check our figures but  
assuming them to be correct, do you suggest to  
this Commission that minerals and mineral products  
should or could pay fully distributed costs?

MR. WANSBOROUGH: No. I do not know that







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such a suggestion is made in our brief.

Q. No, it is not. I want to try and compare your approach to grain and grain products and the matter of minerals and mineral products because there are some very real similarities in the problems faced by your industry and the matter of grain. You told us in your brief at paragraph 25:

"Metal producers sell for the most part on overseas markets, where prices are determined by the free play of supply and demand. The following table shows a comparison of the average annual prices ---"

Then you go on to state that in the case of grain products that the grain products failure to take any of the increases have resulted in certain inequities, an inequitable situation in regard to minerals and mineral products. You also refer to the submissions of the Canadian railways that have been made before this Commission and you probably know that the Canadian railways are asking that grain pay fully distributed costs. I think it would be valuable for this Commission to hear from your Association that has many of these same problems on long haul getting to overseas markets as to whether or not you think mineral products could bear fully distributed costs.





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MR. WANSBOROUGH: I think one conclusion that could be drawn, I hope correctly from our brief, is that we think mineral products already pay a bit more.

Q. Than fully distributed costs?

MR. WANSBOROUGH: Than fully distributed costs.

Q. And that this is the situation that is general throughout Canada, not simply in one particular region?

MR. WANSBOROUGH: I think we are speaking of the average picture for the industry across the whole of the country.

Q. Because I certainly am going to agree with Mr. MacKay that ore and ore concentrates moving out of Northern Manitoba are paying a very substantial amount. The position of your industry now is that the industry is in fact paying fully distributed costs and, therefore, would you recommend to this Commission that they treat the mining industry, mineral and mineral products, the same as grain and if they assess grain for fully distributed costs you are quite willing that they assess mineral and mineral products fully distributed costs?

MR. WANSBOROUGH: It is a rather strange way of putting it, if I may say so.







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3 Q. You have already told us that you  
4 are already paying fully distributed costs so you  
5 cannot be hurt.

6 MR. WANSBOROUGH: Right.

7 Q. All I am saying is, so the Commission  
8 has some clear cut statement from you, the mining  
9 industry is quite willing to pay fully distributed  
10 costs on the movement of mineral and mineral  
11 products.

12 MR. WANSBOROUGH: We believe we are paying  
13 them all ready.

14 THE CHAIRMAN: I think, Mr. Mauro, that  
15 is a very important question and before it is  
16 answered again, I think you should explain to the  
17 witness just what that means to see if he still  
18 says yes.

19 Q. Well, Mr. Wansborough, you know there  
20 are two divisions to this costing approach, namely,  
21 sometimes referred to a variable and constant  
22 or out-of-pocket and fully distributed. There  
23 may be a series of words attached simply to mean  
24 in one case there are those costs which vary  
25 with the freight being moved and vary directly  
26 and there are other costs which are constant and  
27 remain there whether they move one ton or a million  
28 tons of freight. We also know that various  
29 categories of freight pay varying amounts towards  
30





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this figure of fully distributed costs and the fully distributed costs include all these expenses actually directly attached to the movement of the commodity plus the cost of the revenue, the cost of overhead plant and everything else that you can throw in and some contribution to shareholders etc., etc.. Now, in the case of various competitive rates one knows that they all cannot pay the same amount of money due to the nature of the commodity and due to the nature of the movement involved so you may have one commodity making a five per cent contribution to fully distributed costs to overhead and another making one hundred per cent contribution to fully distributed costs. In the case of grain the railways in their submission asking for this subsidy, this amount of money, have worked out their cost study on fully distributed costs. They have argued that grain is basic to the plant, that it represents 30 per cent in the case of one of the railroads of the work done and that it should make this type of contribution. Now, due to the large amount of work that must be attached to the movement of minerals and mineral products from the statistics in your brief I thought it would be particularly helpful because this is the first submission we have had from a group that does represent such a





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large percentage of the freight handled by Canadian railways, to see whether you did agree that minerals and mineral products should have rates which return fully distributed costs to the railway. You have told us that you not only think that they should but that they are now doing it. Your position remains the same on that?

MR. WANSBOROUGH: I must thank you very much for the technical explanation of these terms and if my colleagues would like to review what I have said in the light of your explanation I would be happy to hear what they have to say.

MR. HARRIS: I think what Mr. Wansborough has said is the general concensus of opinion but there are some rates, as you point out, that bear a bigger share of the total cost and others could not possibly move a hundred and , therefore, tempered with that I would say what Mr. Wansborough said is quite right.

Q. And, in fact, Mr. Harris, one of the reasons for your opposing the present method of horizontal percentage increase is by the application of horizontal percentage increase rates start to spread, the differential start to spread. A rate that was \$1. under a horizontal increase becomes \$1.10; one that is 50 cents becomes 55 cents and, therefore, you very well will have rates that do







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not in some cases contribute fully distributed costs and you have other rates that contribute more than fully distributed costs.

MR. HARRIS: Yes, there are some cases now in mining where large tonnages have become waste rock because freight rates represent not too small a proportion.

Q. I suggest to you, Mr. Harris, and I would like your opinion on it, the commodity such as minerals and mineral products cannot and should not be expected to pay fully distributed costs?

MR. HARRIS: I think that the mining industry wants to pay its way but I know there will be some cases where that is almost impossible and traffic would not move at all.

Q. Are you aware on your study of this that in the United States according to the 1957 burden study of the Inter-State Commerce Commission that products of mines contributed 77 per cent they did not even reach 100 per cent as out-of-pocket --- that is fully distributed 77 per cent.

MR. HARRIS: We did not know that.

Q. Perhaps your Association might give some thought to this and if the Commission will be interested it might be of some value to them.

THE CHAIRMAN: Yes.





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3 Q. There was reference made to this  
4 nickel and copper in Northern Manitoba.

5 MR. SINCLAIR: My friend quoted some figures  
6 and he said "Mines". I do not know whether he  
7 included coal -----

8 MR. MAURO: Yes.

9 MR. SINCLAIR: Well, that makes quite a  
10 difference.

11 MR. MAURO: Coal is in your figures too.

12 MR. HARRIS: No.

13 MR. MAURO: 59.8 includes coal, in  
14 paragraph 8, that figure of 59.8 was taken, I  
15 assume, from a document "Railway Transport, 1958,  
16 Part I, page 16".

17 THE CHAIRMAN: Mineral products would  
18 include metal and coal.

19 MR. HARRIS: Yes, mine products.

20 Q. So does the one in the United States.  
21 Then paragraph 19;

22 "An instance may be given of a nickel-copper  
23 producer in Northern Manitoba which is  
24 served entirely by a railroad. That  
25 company estimates that the freight revenue  
26 derived from its operations is equivalent  
27 to more than 30 per cent of the company's  
28 operating costs."  
29  
30







1                   Wansborough, Hendrick, Harris, MacKay   Cr.-ex.  
2                   ( Mauro)

3                   MR. MAURO:; Have you seen the submission of  
4 the Province of Manitoba made to the Royal Commission  
5 in February at Winnipeg earlier last month?

6                   MR. MACKAY:     No, I have not.

7                   Q.       According to our calculations and  
8 I think it may be of interest to you, we made a  
9 study of the rates into and out of Manitoba and  
10 according to our calculations, adjusted for length  
11 of haul, copper nickel and ore concentrates paid  
12 120 per cent of the Canadian -----

13                  MR. SINCLAIR:   There was some objection  
14 to these figures and I do not think they have been  
15 proved, and I think when they have not been proved  
16 you cannot put them to the witness.

17                  MR. MAURO:     I am suggesting to Mr. MacKay  
18 on his personal knowledge ----

19                  THE CHAIRMAN:   All Mr. Mauro has suggested  
20 is that is their submission.

21                  MR. MAURO:     The same as the grain figures,  
22 they have not been proven either.

23                  MR. SINCLAIR:   They did not even call  
24 a witness who was able to answer any questions on it.

25                  MR. MAURO:     Five and a half hours with  
26 Premier Roblin.

27                  MR. SINCLAIR:   He did not answer any  
28 questions.  
29  
30





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2 MR. MAURO: From your experience in this  
3 field, is it your opinion that copper nickel ore  
4 concentrates from Manitoba are paying a very large  
5 freight bill?

6 MR. MACKAY: Certainly large.

7 Q. As a matter of fact, equivalent to  
8 more than 30 per cent of the company's operating  
9 costs?

10 MR. MACKAY: You will notice how that  
11 sentence is phrased, the company estimates that  
12 the particular revenue derived from its operation ---  
13 that does not mean the freight that the company  
14 pays is equivalent to more than 30 per cent of  
15 the company's operating costs. That includes  
16 freight and fertilizer freight, which is a very  
17 large item.

18 Q. According to our calculations the  
19 fertilizer to Manitoba is 52 per cent above the  
20 Canadian average?

21 MR. MACKAY: None of our fertilizer moves  
22 from Manitoba so I could not say.

23 Q. This is not your fertilizer?

24 MR. MACKAY: Our fertilizer comes from  
25 Alberta.

26 Q. Have you made any study of the cost of  
27 the movement of concentrates from Sherritt-Gordon to  
28 other points in comparison to similar mining movements  
29 from other mines in Canada?

30 MR. MACKAY: We have, in the past, yes.





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3 Q. Without giving the figures, was it your  
4 opinion that you were being treated equally with other  
5 mines?

6 MR. MACKAY: I think that in concentrate  
7 freight rates you can find a rate to suit your purpose,  
8 whether you are for or against lower rates. I feel  
9 we have been very well dealt with by the railroads.

10 Q. You have no complaint against them?

11 MR. MACKAY: Nothing contained here is in  
12 the tenor of a complaint. It is intended to be a  
13 recommendation, of assistance.

14 Q. You feel the present rate structure is  
15 fair and equitable?

16 MR. MACKAY: You cannot make a broad  
17 statement like that. You mean, with reference to  
18 concentrates?

19 Q. With reference to the mining industry.  
20 I would assume from the tenor of the brief that the  
21 mining industry was suggesting to this Royal Commission  
22 that a complete reappraisal of the rate structure be  
23 gone into. I thought that was the whole purpose of  
24 this. And if the present rate structure is all right,  
25 then why the brief? I assume you want a complete  
26 examination of the rate structure?

27 MR. MACKAY: Correct.

28 Q. To see whether the burdens are being  
29 equitably distributed across the rate structure -- is  
30 that correct?







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3 MR. WANSEBOROUGH: Quite correct.

4 MR. MACKAY: In part.

5 MR. MAURO: Q. With regard to what part  
6 is it not?

7 MR. MACKAY: The Commission is not dealing  
8 with rates.

9 Q. No, the Commission is going to deal with  
10 a lot of things, but to the extent that the Commission  
11 is dealing with rates, the Mining Association feels  
12 there is much that can be done to adjust the present  
13 rate structure?

14 MR. MACKAY: All rates, yes.

15 Q. All rates -- exactly. Has your  
16 Association given any consideration to the introduction  
17 of developmental rates into the northern regions of  
18 Canada, as a possible solution for the opening of these  
19 mines and making them economic?

20 MR. HARRIS: No, we have not, but it is  
21 certainly worthy of consideration when one realizes the  
22 difficulty involved in effect that there is no com-  
23 petition at the start. Competition does enter into  
24 it later when roads are built and improvements are  
25 made.

26 Q. One of the recommendations of the Minister  
27 of Industry and Commerce in Manitoba was that the  
28 Commission give serious consideration to the introduc-  
29 tion of developmental rates in the northern regions of  
30 the country, tied in with the national economic policy





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3 on northern development, and since your industry is one  
4 of the primary industries concerned in northern  
5 development, your opinion, I am sure, would be of  
6 interest to the Commission, but you have not given  
7 any consideration to that?

8 MR. HARRIS: No, I think the industry has  
9 not asked for subsidies -- and that is really what  
10 that would mean. The industry has not asked for that.

11 Q. As to the recommendations, Mr. Wansborough,  
12 the first one is:

13 "Defraying the losses incurred by the railway  
14 "companies as a result of the Crow's Nest  
15 "Pass Agreement' by a subsidy from the Federal  
16 "Government".

17 That is based on the fact that you have  
18 concluded that the railways are in fact losing money on  
19 the carriage of grain under statutory and related rates?

20 MR. WANSBOROUGH: That was our understanding  
21 of reports ---

22 Q. In the press?

23 MR. WANSBOROUGH: In the press.

24 Q. Just for the sake of discussion, if this  
25 Commission does in fact conclude that the railways are  
26 losing money, then your Association says that these  
27 deficits have to be met by the other freight traffic;  
28 am I correct?

29 MR. WANSBOROUGH: No, I think the only  
30 suggestion is that, if it proves that such losses are







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3 national policy on this matter of rail transportation?

4 MR. HARRIS: Of transportation. Not rail  
5 transportation -- of transportation.

6 Q. To get back to the point, if this  
7 Commission were to ascertain that the railways were  
8 losing \$60 million a year on passenger services -- and  
9 there has been no suggestion of that figure -- but  
10 let us assume that these passenger services were in  
11 the national interests, then the Mining Association would  
12 similarly recommend defraying the losses incurred by  
13 the railroad companies as a result of passenger losses  
14 by a subsidy from the Federal Government.

15 MR. WANSBOROUGH: I do not think so. I do  
16 not think you can argue from a definite statement that  
17 we would therefore suggest that the same answer would  
18 be given to every kind of hypothetical suggestion you  
19 can possibly imagine. This refers only to losses  
20 incurred by the railway companies as a result of the  
21 Crow's Nest Pass Agreement. I do not think you are  
22 justified in arguing that we would therefore apply  
23 the same recommendations to any deficit that arose  
24 from any source whatsoever.

25 Q. I certainly thought that was made fairly  
26 clear. Why have you singled out the grain rates for  
27 a subsidy?

28 MR. WANSBOROUGH: Chiefly because our  
29 attention and the attention of this Commission has  
30 been specifically drawn to it.





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3 Q. And if the attention of the Commission is  
4 just as strongly drawn to the deficit on passenger  
5 services?

6 MR. WANSBOROUGH: In that case, the Commission  
7 might not be interested in having a view from us on  
8 such a matter, because I do not think we could speak as  
9 an authority.

10 Q. You are as much an authority on passenger  
11 services as you are on grain.

12 MR. WANSBOROUGH: No, we are not pretending  
13 to be authorities on grain. I think the fact that an  
14 Association such as ours makes a recommendation like  
15 this does not qualify us to be authorities on grain.

16 Q. This is a statement of principle, Mr.  
17 Wansborough? Your Association is saying, if there is  
18 a deficit and it is in the national interest that they  
19 continue to carry grain at these low rates, then the  
20 losses should be made up from the Federal Treasury --  
21 is that correct?

22 MR. WANSBOROUGH: You are inserting there  
23 some things that we did not put in there.

24 Q. Take them out and tell me what you really  
25 mean to say.

26 MR. WANSBOROUGH: We mean to say:

27 "It is recommended that railway transportation  
28 "costs be reviewed with the object of  
29 "defraying the losses incurred by the railway  
30 "companies as a result of the Crow's Nest Pass  
"Agreement."





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3 Q. Why do you want those losses defrayed?  
4 Why not just put the losses on the grain shippers?  
5 Why do you want those losses defrayed by a subsidy?  
6 Why not just increase the cost of moving the grain?

7 MR. WANSBOROUGH: If it were effectively done,  
8 presumably there would be no losses.

9 Q. Exactly. They would not need any  
10 subsidy. But the railways have not asked that any  
11 additional costs be put on the grain farmer, because  
12 they say it is in the national interest that this be  
13 put into the point of export, and at present prices  
14 the farmer cannot afford an increased cost. Is that  
15 the reasoning behind the Mining Association suggesting  
16 that the Federal Government subsidize the Crow's Nest  
17 Pass grain rates?

18 MR. WANSBOROUGH: No, I do not think so.  
19 I am sorry, but I cannot quite understand the trend  
20 of your questioning. It seems to me that you are  
21 trying to make us take a responsibility for things  
22 that are entirely outside of our sphere of interest  
23 even.

24 Q. Grain certainly is not in your immediate  
25 sphere of interest. You are here today, Mr. Wansborough,  
26 suggesting to this Commission that the losses suffered  
27 by the carriage of grain be defrayed by a subsidy from  
28 the Federal Government. I am asking you why you single  
29 out grain for a subsidy. I had assumed it was on the  
30 basis of national interest.







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3 MR. SINCLAIR: It is fixed by statutes.

4 MR. HARRIS: You just hit the nail on the  
5 head. This Crow's Nest Pass situation is one brought  
6 about by statute, and we have been led to believe,  
7 rightly or wrongly, that it constitutes a major cost  
8 to the railways over and above their annual revenue.  
9 That is why we singled it out. If you go on and read  
10 1(c), you will see that we have suggested:

11 "It is recommended that railway transportation  
12 "costs be reviewed, with the object of:  
13 "(c) Granting the railways more freedom of  
14 "action to abandon obsolete lines, to  
15 "eliminate losses on passenger traffic, and  
16 "in any other respects to abolish uneconomic  
17 "practices."

18 I think that sums up the position.

19 Q. Now, Mr. Harris, we will go back to  
20 the grain one. That was by statute, and that is  
21 the reason for it. Why not suggest to the  
22 Government and this Commission that the statutory  
23 limitation be removed and that grain rates should  
24 be allowed to rise to meet their proper costs?





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3 Why the subsidy on grain? Why do you ask for  
4 the losses to be defrayed by subsidy?

5 MR. HARRIS: It may be that we thought  
6 in the national interest that that be done.

7 Q. That is the only thing that I have  
8 been trying to ascertain, that the reason you are  
9 suggesting that the losses be defrayed from the  
10 Federal Treasury is that you came to the conclu-  
11 sion that it is in the national interest to do  
12 so?

13 MR. HARRIS: I think that is what confronted  
14 the Board when it granted the Bridge subsidy,  
15 that it was in the national interest. I don't  
16 think everybody was in favour of the Bridge  
17 subsidy; it was an expedient.

18 Q. It was in the national interest,  
19 and therefore they obtained a subsidy from the  
20 Federal government. If they came to the same  
21 conclusion and they granted the railways the  
22 freedom to remove or abandon obsolete or non-  
23 compensatory rail operations but they were operations  
24 that couldn't be abandoned due to national  
25 interest, say, Transcontinental passenger services--  
26 if someone came to the conclusion that they were  
27 in the National interest, would the same reasoning  
28 apply there?

29 MR. HARRIS: For my own part I think it  
30







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3 would. I think it is quite possible now that mail  
4 services are being subsidized from the Federal  
5 Treasury.

6 Q. I think this is a more fair and  
7 well-reasoned document, Gentlemen, but all I am  
8 saying is that we can't single out one segment  
9 of traffic and say it is losing money and it is  
10 in the national interest to put a subsidy on this  
11 traffic. I now understand that your position  
12 is consistent, that this Commission should look  
13 into all these operations, and if they find  
14 them to be non-compensatory they should consider  
15 either liberating the railway in order to minimize  
16 its losses or, in the case of services or  
17 operations deemed to be in the national interest,  
18 they should be dealt with by subsidy from the  
19 Federal Treasury so as to remove the burden.

20 THE CHAIRMAN: I don't think Mr. Harris  
21 wants the Commission to take a narrow view at all.

22 MR. MAURO: Q. That is the position, Mr.  
23 Harris.

24 MR. HARRIS: I think there is lots of scope  
25 for this Commission to consider all the facts here  
26 and, under (c), to consider the question of  
27 subsidy in the national interests on certain  
28 phases of this.

29 Q. And there is no distinction between  
30





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THE CHAIRMAN: Mr. Sinclair?

CROSS-EXAMINATION BY MR. SINCLAIR:

Q. I think I've got the figure correctly from Mr. Mauro and that is a calculation in the Weigh Bill study. I think he said 13.3 per cent of revenues was supplied by the products of mines, and I think if you made a calculation you would find that while you have used the figure of 38.7 that is on tons, if you make the calculation on ton miles you will have it about 15 per cent and the relationship in work performed would be 13.3 per cent. Now, the figures I would like you to keep in your mind, and I am sure that you would be interested in these comparable figures -- the figure I have just given you is based on a 1 per cent sample, and there are some disabilities in it. The figure I am going to give is on 100 per cent. In the Canadian Pacific for statutory grain the figures were 26 per cent of work performed, leaving off the decimal, and 9 per cent of revenues, and I think those are the figures that the mining association might well keep before them and then you have like with like, subject only to the variation that may arise from the sample. I bring those to your attention because I think they should be in your mind, and





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I can well understand your difficulty in dealing with the relationship of tons to revenues and ton miles to revenues in making comparisons.

In relation to your suggestion -- I think it was the suggestion of Mr. Harris -- that possibly there would be something in the half and half approach, that is a flat percentage increase. One of your companies is International Nickel, and they ship very heavy tonnages very short distances. They are one of the largest shippers of short haul in Canada. Had you thought of the impact of what you have suggested on International Nickel?

MR. HARRIS: We have given it the full consideration, but I dare say those are competitive rates. I would think a great deal of them are.

Q. I think you would find that they are not. What you do have to be careful about is that you recognize in this matter not only the long haul shipper but the short haul shipper; you have three parties. You have the necessity to the railways for revenues, the necessity of protection to the short haul shipper as well as the long haul shipper. You would agree with that?

MR. HARRIS: Yes.

Q. And what is required is a proper balancing as well as can be. Is that what you are







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looking at?

MR. HARRIS: Yes.

Q. And it may be that after testing the way to achieve a proper balance would be by gradual percentage increases based on distance, with short haul having a higher percentage to long haul?

MR. HARRIS: Yes.

Q. And that might be preferable to the half and half system?

MR. HARRIS: As a matter of fact, we don't suggest the percentage of division. We thought of some division between horizontal percentage increases, that is cents per hundred pounds, might be preferable to what we are doing now, and I must admit we had the long haul in mind because they are bearing the greatest burden.

Q. Perhaps the most fair way to all three parties involved is a graduated percentage increase, graduated with distance?

MR. HARRIS: Tapering with distance.  
Yes, that may well be.

Q. And it may well be also that lower rated commodities, that is commodities earning lower rates per ton mile, might at this stage of Canadian development have to take a heavier increase than the higher rated commodities. Would that





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3 disturb your Association?

4 MR. HARRIS: I think it would.

5 Q. And the reason it would disturb your  
6 Association is because, generally speaking, you  
7 are low-rated in the sense that your average ton  
8 per mile rate would be possibly 1.4 cents in the  
9 mining industry?

10 MR. HARRIS: I haven't got that figure.

11 Q. But it is about that?

12 MR. HARRIS: It may be.

13 Q. It is just slightly below the national  
14 average.

15 MR. HARRIS: It may be.

16 Q. 1.5, was it?

17 MR. MACKAY: : I can give you the figure  
18 for the long haul.

19 Q. And though it may look to be reasonable,  
20 nevertheless, it would possibly overlook the  
21 relationship of the people in the mining industry.

22 MR. HARRIS: Yes.

23 Q. You had a figure, Mr. MacKay?

24 MR. MACKAY: 1.51, long haul carrier.

25 Q. You say on page 9 that you are in  
26 favour of cost of service principle. You do  
27 not mean that freight rates are not fixed realistically,  
28 having in mind the value of the commodity, the  
29







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3 value of the service and the cost of providing the  
4 service and the competitive factors that must be  
5 recognized in that. You see, cost of service,  
6 Mr. Harris, and I think it was you who answered  
7 this question -- cost of service has a technical  
8 meaning that means that there is one factor and  
9 that is a factor of cost, and the value of the  
10 product would have no bearing on it?

11 MR. HARRIS: Yes. I think that we  
12 said cost of service where it had all the integrated  
13 factors in it.

14 Q. You mean value of the commodity,  
15 value of service, competitive factors, such as  
16 markets and the cost of providing it?

17 MR. HARRIS: Yes. Those are the bases on  
18 which rates are set, and you can't alter those.

19 Q. You can't alter them and be realistic  
20 about it, in your opinion.

21 MR. HARRIS: No, that is right.

22 Q. Now, when Mr. Cumming asked you about  
23 restrictions I think you later in answer to my friend  
24 -- I think it was Mr. Mauro, pointed out some of the  
25 restrictions that you had in mind, and you had  
26 already dealt with it in your brief, and that was  
27 the restriction in respect of discontinuance  
28 of uneconomic services, such as passenger trains and  
29 things of that kind, when they were no longer  
30





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3 required. Is that correct?

4 MR. HARRIS: Yes.

5 Q. The provision of passenger services  
6 Mr. Wansborough, or Mr. Harris, whoever should  
7 answer this question, is a matter of managerial  
8 responsibility; there is no rate at which they  
9 are required to move passengers such as grain.  
10 They can adjust passenger fares subject to them  
11 being disallowed by the Board as being unreasonable,  
12 but they can't do that with respect to statutory  
13 grain. Is that your understanding of the  
14 distinction between them?

15 MR. HARRIS: I would say to a great extent,  
16 yes.

17 Q. Take the Canadian Pacific and its line  
18 across Canada and the modern development of the  
19 Trans-Canada highway. Where would there be, in  
20 your opinion, a passenger train service on the  
21 Canadian Pacific that would be required in the  
22 national interest. You see, I want to make  
23 sure you understand what I have in mind. What I  
24 have in mind is that while a train may be called  
25 a Trans-Continental passenger train, actually  
26 what it is largely serving is segment business --  
27 Toronto-Sudbury, Sudbury -- what is the next town?  
28 -- Winnipeg-Regina, Regina-MooseJaw, Moose Jaw-  
29 Medicine Hat, and so on. The day of large  
30





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3 trans-continental movement of people across Canada  
4 has largely disappeared.

5 MR. HARRIS: Yes.

6 Q. And so in the light of these factors  
7 that we have agreed on, I wonder if you would  
8 assist the Commission by indicating where you think  
9 on Canadian Pacific there would be a passenger train  
10 that was required in the national interest, that  
11 it was essential for the well-being of all Canada,  
12 as I think you used the word in answer to my friend?

13 MR. HARRIS: Yes, we did use that hypothetically  
14 of course; but there is no doubt about it that  
15 some form of transcontinental passenger service,  
16 even such as the one you have mentioned, which is,  
17 in effect, an inter-urban passenger service to  
18 a great extent, is necessary in the national interest,  
19 because you carry mail as well, it doesn't all move  
20 by air.

21 Q. First class mail does?

22 MR. HARRIS: Yes, now.

23 Q. Did you know that?

24 MR. HARRIS: I didn't know all of it. But  
25 there is no doubt about it that some form of  
26 transcontinental passenger service is necessary to  
27 the national interest.  
28

29 Q. That would be your personal opinion?

30 MR. HARRIS: Yes.







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3 Q. It could well be that on analysis  
4 that would not be a requirement in the national  
5 interest?

6 MR. HARRIS: It may well be. Perhaps I am  
7 old-fashioned in that matter.

8 Q. And it may well be, for instance,  
9 mail. That could move in merchandize trains;  
10 it isn't necessary to run passenger trains for mail.  
11 Had you thought about that?

12 MR. HARRIS: I had thought of it, but I do know  
13 there is pick up of mail by passenger trains that  
14 could be adopted.

15 Q. And perhaps other equipment, such as  
16 express, that could be handled on piggy-back.  
17 All these factors which have to be weighed and  
18 looked at to see whether the most economic basis --

19 MR. HARRIS: Yes. That is why we referred  
20 to it in general terms.

21 MR. HENDRICK: There is a further point that  
22 has not been mentioned and that is the strategic  
23 value of adequate passenger service.

24 Q. You mean from the national defence  
25 standpoint?

26 MR. HENDRICK: Yes.

27 Q. You mean mothballing?

28 MR. HENDRICK: Yes, possibly.  
29  
30





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2 (Sinclair)

3 Q. That is something you think this  
4 Commission may take a look at too?

5 MR. HENDRICK: No, but you were talking  
6 about the possibilities of railway passenger  
7 transportation being in the national interest.

8 Q. But what you do say is, before you  
9 come to a conclusion, that is one this Commission  
10 might look at?

11 MR. HENDRICK: Yes.

12 MR. SINCLAIR: I think, Mr. Chairman, that  
13 is all I have. Thank you very much. I do know,  
14 having had some experience of being a witness,  
15 myself, how difficult it is to come here and try  
16 to explain your thoughts, and I think your  
17 Association is to be commended for coming here,  
18 and I am sure the time they have spent on it has  
19 been of assistance to the Commission and to people  
20 interested in the problem of transportation.

21 MR. HARRIS: Thank you.

22  
23  
24 BY MR. BALCH:

25 Q. Mr. Harris, in your paragraph 36,  
26 you refer to some labour practices and so forth,  
27 and in your first sentence -- could you explain  
28 that? Have you made a study of that?

29 MR. HARRIS: I know I am talking to an expert  
30







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2 (Balch)

3  
4 but we have not. I think our Association, in  
5 preparing this part of it, based this statement  
6 on what they had read, and what we have seen in  
7 reports.

8 Q. Not actually studied it?

9 MR. HARRIS: No. Naturally we haven't  
10 the facilities to make a study of the kind you may  
11 have in mind.

12 Q. In that paragraph I would say you  
13 are probably referring to the actual railroad  
14 operations, and I wish to come down to your figures,  
15 and I notice you include in that highway transport.  
16 Would you say paragraph 36 is referring strictly  
17 to the operation of the railroad?

18 MR. HARRIS: Yes.

19 Q. Well then, if we come down to the  
20 figures we find that you are using highway transport  
21 figures as well, and the difference in number I  
22 wish to show you. Your figures show that in 1951  
23 there are 204,025 and in 1957, 212,426, which shows  
24 an actual increase of 8,401. Now, by bringing in  
25 the truckers we can show you that in that time,  
26 and by Canadian National and by Canadian Pacific  
27 figures, there has been a reduction in the staff  
28 of 20,109. I am speaking now strictly of railroad  
29 operations.  
30





1 Wansborough, Hendrick, Harris, MacKay Cr.-ex.  
2 (Balch)

3 MR. HARRIS: Yes.

4 Q. And I wish to show that your figures  
5 here, by including the highway transport, is more  
6 or less a distortion from your paragraph 36 when  
7 you are referring to strictly train service and  
8 then bringing truckers in afterwards.

9 MR. HARRIS: I didn't realize truckers  
10 were in there. We say "highway transport (rail)  
11 operations".

12 Q. Yes, but it is the extra trucking,  
13 I take it, that Canadian Pacific has got at the  
14 present time. I don't mean the trucking industry  
15 as a whole that my friend Mr. Hume is representing.  
16 I mean, it includes the truckers, the railroads  
17 are already using.

18 MR. HARRIS: But in 1957, I think that  
19 was negligible. It is only in the last two or  
20 three years that Canadian Pacific has made any  
21 great inroads into the trucking industry. I think  
22 there are very few truckers included.

23 MR. SINCLAIR: That is right. What I  
24 think Commissioner Balch is drawing to your attention--  
25 and I don't have the figures, so I can't check it --  
26 there was a change in the classification that was  
27 deemed rail as of January the 1st, 1956, which I  
28 think really swings all communications and  
29 express employees as well as the very few that  
30





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(Balch)

are highway transport (rail). You would have to do some analysis behind these figures. What may look to be an increase is maybe caused by a change in the classification of accounts whereby commercial communications became rail as well as all express, and in that, what I think has caused trouble here before -- and I hope I am being helpful here to the Commission and also to you -- is that while there is a negligible amount of employees shown under highway transport (rail), there is a substantial number of highway operators or employees which come in through express because the highway operations of express, for instance, of the Canadian Pacific across the country -- both cartage and matters of that kind -- they come in in a different way. With the change in the classification as of January 1st, 1956, these figures have to be very carefully analysed, and I think that is what Commissioner Balch is getting at.

COMMISSIONER BALCH: Yes.

MR. HARRIS: Thank you very much.

MR. SINCLAIR: To be definite, you have to get a lot of figures.

BY COMMISSIONER GOBEIL:

Q. I believe -- and I may be mistaken --







1 Wansborough, Hendrick, Harris, MacKay cr.-ex.  
2 (Gobeil)

3 that your Association is the first one which comes  
4 with a definite recommendation of a subsidy on  
5 Crow's Nest. Others have come forward and said,  
6 "If it is proven there is a deficit", but you  
7 simply say, "There is a big deficit and it should  
8 be covered." That is your attitude, isn't it?

9 MR. WANSBOROUGH: If we had known what you  
10 have just told us, we would have been more  
11 conditional.

12 Q. Well, I am a bit mixed up too, so  
13 don't be afraid.

14 MR. WANSBOROUGH: I think we are the same.

15 Q. I am like you: I don't doubt the  
16 figures given by the railroads. Those people are  
17 too big not to be honest, but they may be obtained  
18 different ways, and it has been brought to our  
19 attention, by a certain province or a group that  
20 this deficit would be divided in two, and that part  
21 is due to the branch lines -- or it may be entirely  
22 due to the branch lines, I think is the claim, and  
23 they advance -- I don't know if they are justified  
24 on that -- but they advance that there is undue  
25 competition between the two railways. If it was  
26 indicated that there was some justification, would  
27 you hesitate a little bit more before recommending  
28 a subsidy?

29 MR. WANSBOROUGH: I think definitely, because  
30





1 Wansborough, Hendrick, Harris, MacKay Cr.-ex.  
2 (Gobeil)

3 we would certainly not recommend a definite  
4 Government subsidy on principle.

5 MR. SINCLAIR: I wonder if Commissioner  
6 Gobeil would clarify that: It was the submission  
7 of which province? Because I don't remember it.

8 COMMISSIONER GOBEIL: I think it was in  
9 Ottawa. I think it was a statement given to us  
10 by the president of one of the railways --- and I  
11 have forgotten which one-- where he declared there  
12 has been heavy competition between the two railways  
13 and heavy capital investment on branch lines.

14 MR. SINCLAIR: I am sorry, sir, I thought  
15 I was following you, but I will have to check the  
16 transcript, but I thought you said a province had  
17 made this submission, that this deficit of the  
18 railways could be cut in half and that it was  
19 all due to the branch lines.

20 COMMISSIONER GOBEIL: I should have said  
21 counsel for the province; my English is not good  
22 enough. I may be wrong, but I think I am right.

23 MR. SINCLAIR: Was that Manitoba?

24 COMMISSIONER GOBEIL: I don't classify the  
25 statement, but if it was found there is some  
26 justification in it, would your Association recommend  
27 just as bluntly as they do now -- squarely -- a  
28 subsidy?

29 MR. WANSBOROUGH: If my colleagues will  
30







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(Gobeil)

agree, I think we would modify it. If there are no losses incurred by the railway companies resulting from the Crow's Nest Agreement then we would have a subsidy that would not be necessary.

Q. I think there is loss, and it has also been advanced by some counsels that one may say, "If there is no subsidy on branch lines because railways are, at least, partly responsible for it," and one can say, "At least on the main line they should have it", but it has also been said by some counsel, I think, that on the main line, if figures were given exclusively for the main line, for grain, that they would get a deficit, and until it is proved, would it be more difficult for you people to make a recommendation?

MR. WANSBOROUGH: I think definitely it would. If this was based on our understanding of certain reports, and they prove not to be correct, then we would definitely want to modify our position.

BY COMMISSIONER ANSCOMB:

Q. Mr. Wansborough, I want to ask you something that is not dealt with in your brief at all, and if you don't want to answer it, it is perfectly all right. I gather in the tenor of it you take the view, as any businessman would, that





1                   Wansborough, Hendrick, Harris, MacKay       Cr.-ex.  
2                   (Anscomb)

3           there should be some relief granted to these  
4           railways of these restrictions that are all around  
5           them; in other words, they should be placed on the  
6           basis the same as your business would be or mine to  
7           go ahead and do their business, themselves. Am  
8           I right in that, as far as the principle is concerned,  
9           in your thinking?

10           MR. WANSBOROUGH: I think so, sir. The only  
11           reason I hesitate is, I think one would have to  
12           give it more thought than I can give it on the spur  
13           of the moment that -- give more thought to the  
14           difference in the fact that the railways are certainly  
15           an instrument of national importance to a degree  
16           which may not apply to some other industries.

17           Q.       Perhaps, "National importance" is better  
18           than "national policy" that I have heard for five  
19           months now. If that be so, would you be prepared to  
20           say whether you think, if what I have just said was  
21           an accomplished fact -- and I don't say it can be done --  
22           but if it was done, would you think it advisable to  
23           have these two great institutions -- because that  
24           is exactly what they are -- amalgamated in exactly  
25           the same way as your business may be amalgamated  
26           with one of your colleagues, and you would function  
27           as an ordinary business would, with every  
28           economy possible, and move forward together, or would  
29           you not agree to that? If I could just add there  
30





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Q. You have now asked yourself the second question I was going to ask you and that was, assuming that you came to the conclusion that amalgamation of two big businesses was proper, then I want to ask you should it be done by socializing the C.P.R. or by subsidizing the C.N.R.?

MR. WANSBOROUGH: You have put me in the delightful position of having to antagonize one of the two railways.

Q. If that is so, then do not answer it. I did not want it for that purpose.

MR. WANSBOROUGH: I would like to see as much free enterprise in the railway business as possible, but I think there would undoubtedly have to be some degree of national control of an instrument that is so vital for the economy of this country.

Q. There might be some control the same as your Hydro Electric, there may be control that is in the principle of free enterprise. Thank you.

BY MR. MANN:

Q. I do not have many questions, Mr. Wansborough. You have been very helpful and I wonder if you could clarify a couple of things for me. Do you happen to know what expositions the American railways give or the I.C.C. imposes on mine products in the United States when the horizontal







1 Wansborough, Hendrick, Harris, MacKay  
2 (Mann)

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3 percentage increase was put on there?

4 MR. WANSBOROUGH: No sir, I do not but  
5 possibly some of my colleagues may. Would you  
6 repeat the question?

7 Q. When the I.C.C. authorized the general  
8 increase in the railway rates in the United States  
9 and it does so frequently with respect to many  
10 commodities, it may be a certain hold down maxima  
11 per cent in hundred pounds. Would you know whether  
12 products of mines are subject to maxima limitations,  
13 hold downs in the United States?

14 MR. HENDRICK: I am basing my reply on the  
15 International rates which I understand are based  
16 on the United States rates.

17 Q. You are anticipating my next question.

18 MR. HENDRICK: And I recall that among the  
19 increases which have been applied by the I.C.C.  
20 in the last ten years that some percentages were  
21 limited to the maxima: In other words, they are  
22 a combination of a percentage increase to no more  
23 than a set figure.

24 Q. And the maxima would go into play  
25 on your international rates from Canada?

26 MR. HENDRICK: Yes.

27 Q. So when you say in the brief that there  
28 has been 157 or 142 if you take the 20 million  
29





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roll off this would not apply on what I understand would apply on a substantial export movement to the United States and for exports through both American and Canadian ports. It would be considerably less because of the hold downs on export on international rates.

MR. HENDRICK: Yes, my understanding is that the United States bases of rates, the increase applies to all international.

Q. I think that is correct.

MR. HENDRICK: Within my own experience it does on the export. I do know there are some Canadian rates, Canadian export rates which do not take the American increase.

Q. The related rates do?

MR. HENDRICK: That is right.

Q. I have one more question and that relates to paragraph 33 on page 7, and there you talk about spreading of transportation costs in as painless a manner as possible, and you refer to certain subsidized movements. In the middle of the paragraph you say that the effect of these subsidies has been an added burden. Now, I am thinking of subsidies and turning to one of these, the latest of the lot, the \$20 million dollars subsidy, would you indicate to the Commission in what respect it has placed an added burden on the







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mining industry?

MR. WANSBOROUGH: No, I could not but possibly Mr. Harris could speak to that.

MR. HARRIS: Actually, of course, it has not placed any because that came out of the national treasury.

Q. What about the bridge subsidy, Mr. Harris, has that placed any burden on other shippers?

MR. HARRIS: No. I think the only reason our Association put the bridge subsidy in and the \$20 million dollars subsidy which are pretty large figures, is that it has been what we consider a piecemeal effort to solve the situation.

Q. But the latter part of that sentence would not hold true?

MR. HARRIS: Not completely, no.

Q. Let me take you to the Crow's Nest Pass Rates; do you think they, which are not subsidized at the moment by the Federal Government, have placed a burden on other shippers?

MR. HARRIS: I would think definitely if they had to increase rates to meet a deposit.

Q. And you are familiar with the Maritimes Freight Rates Act, has that placed any burden on other shippers?

MR. HARRIS: I would think it has.

MR. MANN: You would think it has. Could





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you indicate to the Commission how?

MR. HARRIS: Perhaps no burden because it comes from the National Treasury but it has had an effect from a competitive point of view. Perhaps we put it the wrong way here but it has had an effect from a competitive angle.

Q. I was mainly interested in having your comments on the added burden to the other shippers in the area and we now know it does not hold true for the other three.

BY MR. PLATT:

Q. I have forgotten exactly what you said about paragraph 7, but would you look at that and in that you say that you export or the minerals account for about 20 per cent of Canadian exports. That is a pretty important figure in this day and age when everybody's exports are going down, at least, when Canadian exports are going down. How much effect does the rate structure have on your export position? Is it a matter of costs or the market not being there or just what is the situation?

MR. HENDRICK: There is no doubt that that figure included in the percentage on number 7 is based on a dollar value and consequently since we are dealing with world commodities and, in this





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particular case, base metals which are subject to world commodity prices which are currently on the down trend and the markets are as competitive as they have ever been, that the figures would be influenced by the market values obtainable for the metals and makes a significant item in the mining cost to produce metals for export markets than when the competition is as it is today. There is no doubt that railway transportation is very significant in the movement of goods to export.

Q. In other words, to take an extreme case, if somebody hauled this to the border or to your exporter free of charge you could materially increase your sale of base metals?

MR. HENDRICK: Well, I think the market has a great deal to do with it. There are some products which they undoubtedly -- freight rates have been so significant that the volume has -- well, the export has declined considerably.

Q. Could you give me an example? I do not understand anything about the mining industry.

MR. HENDRICK: On a commodity which is-----

Q. That has been priced out of the export market completely or almost completely and in your view it is due to freight rates?

MR. HENDRICK: Well, I think you have perhaps mis-interpreted my statement there in that the







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MR. HENDRICK: I am sorry, but I have forgotten the point I am attempting to answer.

Q. Could there be additional markets for such things as lead and zinc if your costs were lower, including your transportation costs? I understand you sell now to the United States and on a quota. Where else would you sell and are there other possibilities? Could you sell in Europe or Asia?

MR. HENDRICK: Traditionally we have sold that particular commodity in the United States. There are shipments going forward to Europe that I know of now. Again it is a question of the World Market situation, the price of the product in the market and the realization of the mine that determines whether the mine can remain in operation and, therefore, it is quite possible that the volume of production of those goods given certain marketing conditions would be affected by the level of freight costs. In fact, certain mines are economic under certain operating conditions and if the costs increase or the market price changes, then they may not be economic.

Q. Just one other question. In the overall policy of transportation in this country you mention some place in here and I will not try to look it up now, that the railway companies should be





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encouraged to integrate the trucking industry and the development in Vancouver of where it was stated that every encouragement should be given to that. In other words, if I understand you correctly, you say we can have the best transportation system by having an integrated transportation system rather than by competition. Am I correct in that?

MR. HARRIS: Not completely. There has to be some competition but the integration is an answer and the railways are doing a lot in that regard, piggy-back and the situation in Vancouver but they have not done enough. What has happened, of course, is that with these great increases in freight rates that have occurred more and more traffic has been lost to the railways because outside competition has been able to handle it, but if there had been integration of some kind perhaps not as great an increase would have been necessary in their freight rates.

Q. In other words, you think integration rather than competition will reduce transportation costs?

MR. HARRIS: To a great extent, yes.

MR. PLATT: Thank you very much.

THE CHAIRMAN: Well, Mr. Wansborough and Gentlemen, thank you very much for coming here today.

MR. WANSEBOROUGH: Thank you very much.







SUBMISSION OF

THE LIVE STOCK INDUSTRY OF THE PROVINCE OF ONTARIO

APPEARANCES

A. A. McTAVISH	President, Ontario Beef Producers' Association
F. M. CAMPBELL	General Manager, Ontario Stock Yards
W. A. PRICE	Black Bros. Livestock Co. Ltd.
L. B. MEHLENBACHER	Cayuga

MR. McTAVISH: Gentlemen, this submission with respect to rates on live stock as compared to those on dressed beef from Western to Eastern Canada is presented by representatives from Ontario of the Ontario Beef Producers' Association, the processing industry, United Co-Operatives of Ontario, the National Livestock Exchange and the Commission Firms' Association.

The movement of live stock from Western Canada to Eastern Canada for the purpose of feeding and for slaughter has been a necessary part of the Canadian Economy since early development days because of the surplus production area of the West and the heavier consuming areas of the East. This movement has been possible because of the facilities provided by both railway companies in transporting live stock and live stock products to points in the East.

There had always existed a relationship between the rate charged for live stock and the rate charged for dressed meat. The differential was on the basis of a livestock rate 62% of the rate charged for





1 dressed product. Currently the rate is on the basis  
2 of 80% of the rate charged for dressed meat. By  
3 this means the Ontario feeder purchasing live stock  
4 from Western Canada for finishing in the East was on a  
5 fair basis with the Western producer whose live stock  
6 may have been slaughtered in Alberta and shipped East  
7 in dressed form.

8 In May of 1959, the railway companies  
9 announced a schedule of rates which gave preference  
10 to the movement of dressed meats. The table below  
11 indicates the considerably lowered rates for the  
12 dressed product as against the live stock rates.

13 It was assumed that, because of competition  
14 arising by reason of automotive transport from West  
15 to East in refrigerated vans of meats to Toronto and  
16 Montreal, the railway companies were obligated to meet  
17 the competition of transports but, since there was no  
18 apparent threat to the movement of live stock, no  
19 change of rates on this class was made.

20 This committee, in July of 1959, made a  
21 submission to both the Canadian National Railways and  
22 the Canadian Pacific Railway Company; pointing out  
23 that, because of their action in lowering the rate on  
24 dressed meats without a comparable lowering of live  
25 stock rates, it created a definite discrimination  
26 against the Ontario farmer feeding Western cattle.

27 The railway companies, in August of 1959,  
28 made revisions lowering the rates on live stock  
29 emanating from certain centers in Western Canada.  
30 The table below indicates the rates of live stock





and dressed meats prior to May of 1959 and also as revised in August:

	Live Stock Rates		Dressed Beef Rates	
	Old Rates	New Rates	Old Rates	New Rates
	Aug. 1959	Aug. 1959	(add 30¢ cwt. for icing)	(Icing Free)
Calgary, Alta.	2.99	2.57	4.55	3.49
Edmonton, Alta.	2.97	2.56	4.55	3.49
Moose Jaw, Sask.	2.56	2.20	3.93	2.94
Prince Albert, Sask.	2.69	2.32	4.29	3.33
Regina, Sask.	2.54	2.18	3.80	2.90
Saskatoon, Sask.	2.65	2.27	4.00	3.00
Winnipeg, Man.	2.04	1.76	2.89	2.33

It is of great concern to every section of the Live Stock Industry in Ontario, with approximately 75% of Canadian live stock being consumed east of the Great Lakes and, since the Ontario Stock Yards is the largest market and the "Key" live stock market in Canada, we, making this submission, believe we are facing a very serious obligation in seeking the correction of any factor which depresses live stock prices.

As related earlier, the concentration of live stock in the West and consumers in the East has resulted in a national movement of slaughter and feeder cattle from West to East as indicated by the following Dominion Bureau of Statistics figures for the past eight-year period, 1952 to 1959, inclusive:







	<u>Year</u>	<u>Slaughter</u>	<u>Feeding</u>	<u>Stock Yards</u>	<u>Total</u>
2	1952	61,339	32,254	50,154	143,747
	1953	92,505	50,780	68,571	221,856
3	1954	106,883	63,578	66,594	237,055
	1955	103,411	71,478	63,095	237,984
4	1956	121,889	104,421	80,108	306,418
	1957	132,807	101,296	49,796	283,899
5	1958	104,136	90,540	17,159	211,835
	1959	88,287	102,115	26,846	217,248

From May 1, 1959, when the freight rate change favored shipment of dressed beef, rather than live slaughter cattle, from the Canadian West to the East, to the end of 1959, 59,392 live slaughter cattle were involved in the West to East movement. For the same period of 1958, 70,058 live slaughter cattle arrived in the East from Western Canada. 1959 shipments, May 1st to the year end were down 10,666 head under the same period of 1958. Expressed as a percentage, the decrease in 1959 under 1958 is 15%.

The favorable rate on dressed beef has been a factor in the heavier slaughterings in the Canadian West.

CATTLE SLAUGHTERINGS IN FEDERALLY INSPECTED PLANTS  
UP TO FEBRUARY 27, 1960.

	<u>Number of head of cattle</u>		<u>Cumulated % Difference 1960/59</u>
Western Canada	155,684	plus	25.5%
Eastern Canada	<u>140,663</u>	plus	7.9%
	296,347	plus	16.5%

In the two months of 1960, it is apparent that the processing industry has been advantageous in respect to dressed meat because of a 25% increase in slaughter in Western Canada as against 7% increase in Eastern slaughter.





It has been widely recognized for many years that the Toronto Market has provided leadership on livestock prices for Eastern Canada with strong influence nationally. The freight rate structure referred to above has weakened and affected every cattle producer in Canada in this leading market. The following comparison on a delivered-Toronto-Montreal basis illustrates the present position:

LIVE BASIS (1,000 lbs. average weight) (Ex. CALGARY)

50 steers - 50,000 lbs. @ \$2.57 per cwt.	\$1,285.00
Feed, Loading, etc., @ 22½¢ per cwt.	<u>112.50</u>
	\$1,397.50

Dressed Basis (550 lbs. average weight)

The same 50 steers, slaughtered in Calgary, based on an average yield of 55%, would cost:

50 c/s - 27,500 lbs. @ \$3.49 per cwt.	\$ <u>959.00</u>
Difference	\$ 438.50
(or per head)	\$ 8.77

This difference is reflected almost in full in a lower return to the Eastern producer and has a generally depressing effect nationally.

(a) The Eastern Producer after paying live rates from Western yards is selling his finished cattle in competition with western carcass meat coming East at new low rates.

(b) The Eastern Slaughterer faces a seriously worsened competitive position in the meat industry. There is evidence that some of these firms which have provided valuable influences on making a market at a favourable price at Toronto may be seriously restricted







Mr. McTavish

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in their operations. This contraction in operations would leave a less competitive market for both Eastern and Western producers.

(c) Processors with facilities in West and East already are less competitive on Eastern markets which is having a depressing effect on price.

If percentage of the cattle kill presently being slaughtered in Eastern Canada and Western Canada is compared with a period prior to May 1, 1959, a most significant change is noted. In the following table, 1958 area slaughterings have been compared with the first eight weeks of 1960.

CATTLE NUMBERS SLAUGHTERED IN INSPECTED ESTABLISHMENTS

IN CANADA (East and West compared)				
	<u>1958</u>	<u>%</u>	<u>8 weeks</u> <u>1960</u>	<u>%</u>
Eastern Canada	971,356	51.4%	140,663	47.4%
Western Canada	<u>917,924</u>	<u>48.6%</u>	<u>155,684</u>	<u>52.6%</u>
All Canada	1,889,280	100. %	296,347	100. %

The primary producer sees a situation where a special reduced rate has been applied to a product after it is out of his hands and ownership and at the same time weakening his bargaining position.

There has been discussion on the relationship between rates on live stock and dressed meats and although it may be pointed out that there is no "established relationship" between these two sets of rates, concern is expressed in a report of the "Royal Commission on Transportation, 1951" for the situation





1 that might be created through the granting of special  
2 rates. The case referred to in the "Royal Commission  
3 on Transportation, 1951" applied to a discussion in 1928  
4 dealing with rates on the movement of live stock and  
5 packing house products east and the bearing it might  
6 have as between eastern and western packing companies.  
7 The case then and now bears interesting similarities.

8 The following is an extract from the  
9 Commission report:

10 "While I am not convinced of the necessity,  
11 "nor indeed the propriety, of establishing a  
12 "percentage relation between these two sets  
13 "of rates, nevertheless it is not difficult  
14 "to see that a condition could arise in which  
15 "special rates on livestock being accorded to  
16 "eastern packing companies, would operate to  
17 "the disadvantage of western packers in  
18 "marketing their finished products in com-  
19 "petition with eastern packing houses."

20 By the same token any special rate afforded  
21 western packers on beef would, and indeed is, working  
22 to the disadvantage of the eastern processor. This  
23 we feel points up the necessity of maintaining a proper  
24 relationship between live and dressed rates so that  
25 neither the western nor eastern processor is placed in  
26 a disadvantageous position.

27 Public interest is possibly the most valid  
28 measure of any action regardless of custom or regulated  
29 relationship and it is in this area that we ask your  
30







1 indulgence. We recognize that the change in rate  
2 was made effective because of competition within the  
3 transporting industry but we cannot accept this,  
4 because of the resulting imbalance, without protest.

5 The producer east of the Great Lakes who  
6 buys feeders from the west, under existing rates believes  
7 that with the U.S. buyer enjoying comparatively  
8 lower cost transportation in feeder cattle from Western  
9 Canada coupled with the recent revision in Canadian  
10 rates finds himself the victim of the situation.  
11 Unless the rate on live cattle can be adjusted the  
12 Eastern feeder has two alternatives (a) finding  
13 transportation services at lower costs, (b) sharply  
14 reducing his feeding and finishing operations in beef  
15 cattle.

16 The position of the eastern processor is  
17 made very difficult and today although the change has  
18 been effective only for a matter of months he finds  
19 his operations are curtailed, with a worsening con-  
20 dition inevitable. Eastern processors represent  
21 particularly the independent and domestic processors,  
22 a buying force very necessary for maintenance of our  
23 strong, open, competitive market. The present  
24 situation favours the growth of a very few large  
25 processors operating in both East and West and the  
26 decline of Eastern processors. Farmers and farmers'  
27 organizations across Canada have favoured the  
28 continuance and encouragement of numbers of independent  
29 processors as a healthy development for agriculture.

30 The live stock economy in Canada to this date







1 appears to have been built soundly particularly from  
2 the point of view of distribution of cattle produc-  
3 tion in the various parts of the country. A change  
4 in this economy resulting in what we believe is an  
5 unrealistic shipping rate where the industry will be  
6 centered in Western Canada to the exclusion of  
7 Eastern Canada could some day be of grave concern.  
8 To tie the industry to the hope of unfailing crops and  
9 moisture, when we recognize that cycles of crop failure  
10 and drought are entirely unpredictable, is dangerous.

11 It is imperative that the balanced flow of  
12 live cattle and dressed beef from West to East be  
13 left undisturbed. The firm recommendation of this  
14 submission, representing the live stock industry of  
15 Ontario is that the rate on live cattle, basis  
16 Calgary, be established at \$2.17 per cwt. Toronto and  
17 Montreal.

18 In keeping with the progress made in highway  
19 development and the opening of trans-Canada highway, it  
20 is to be expected that automative transport would  
21 similarly develop its resources.

22 Shipments of meats from Alberta are currently  
23 arriving in approximately three days and quoting rates  
24 as low as \$3.00 per cwt. It is significant that  
25 both railway companies have entered the automative  
26 field in no small way.

27 It is however disastrous to the Agricultural  
28 Economy of this country when the live stock industry  
29 must suffer without recourse until the competitive  
30 battle between two modes of transportation is resolved.





1 We respectfully submit that, in the interest  
2 of agriculture generally, it becomes the responsibility  
3 of Government that transportation rates be allowed in  
4 such relative manner that no segment of agricultural  
5 production be favoured at the expense of any other  
6 segment.

7 THE CHAIRMAN: May I say we are up against  
8 the same problem, as you will see, in the matter of  
9 rates and in regard to our functions under the terms  
10 of reference. We will, of course, receive your brief,  
11 and it will be considered, but that is one of the  
12 problems in connection with it -- whether or not it  
13 is a matter for the Board of Transport Commissioners.  
14 But we are glad to receive it and we are glad you are  
15 here, and we will consider it in due course.

16 MR. CUMMING: In view of what you have said,  
17 Mr. Chairman, I have read this brief with interest,  
18 and it deals with specific rate problems. I have no question

19 CROSS-EXAMINATION BY MR. MAURO:

20 MR. MAURO: Q. The only thing I would like  
21 to ask is whether or not the live stock industry of  
22 Ontario has made an application to the Board of  
23 Transport Commissioners concerning it.

24 A. I have been in negotiation with the two  
25 railroads since last summer regarding this matter, and  
26 it was our feeling that we would continue negotiations  
27 so long as a possibility of a satisfactory conclusion  
28 might be possible before placing it before the Board  
29 of Transport Commissioners. If we could not reach a  
30 conclusion with the railroads by negotiation, then we







1 Mr. McTavish, Cr.-ex.  
2 (Mauro)

3 would place our position before the Board of Transport  
4 Commissioners.

5 Q. Your intention, as a matter of fact, is  
6 that, if the negotiations break down, you will then  
7 apply to the Board of Transport Commissioners?

8 A. Yes, and it was only with the thought that  
9 we felt your Commission, Mr. Chairman, should be aware  
10 of the problems facing agriculture from competition.

11 CROSS-EXAMINATION BY MR. SINCLAIR:

12 Q. Mr. McTavish, is it not a fact that there  
13 was one adjustment effective September last, a downward  
14 adjustment to try to improve the movement of live stock  
15 from the west to the east? I think the Commission was  
16 told that in the west.

17 A. That is correct, Mr. Sinclair.

18 Q. Your negotiations for further reductions  
19 are continuing?

20 A. Definitely, as you can see from our brief,  
21 at a disadvantage of \$1.00 per cwt. That applies both  
22 to the producers in Western Canada and those in Eastern  
23 Canada.

24 Q. Mr. McTavish, you will of course realize  
25 that there are people who are interested in straight  
26 rates that would be quick to say that if rates on live  
27 stock from the west to the east were reduced any more  
28 then this merely indicated that the railways did not  
29 care whether they made profit on live stock or not.  
30 There would be that type of people. You would not be  
surprised at that from what you heard here?





1 Mr. McTavish, Cr.-ex.  
2 (Sinclair)

3 A. We feel that the whole matter of move-  
4 ment of live cattle in particular by rail is in  
5 drastic need of overhaul and modernization and, while  
6 it is true that the revenue under existing circumstances  
7 probably leaves something to be desired, it is our  
8 only contention that should the facilities be modernized  
9 and some useful system be established, that the rail-  
10 ways should bring this traffic up to a more profitable  
11 level and at the same time force the Board to assist  
12 another form of hauling entering the field. As a  
13 matter of interest, our own organization in Ontario  
14 has been approached with regard to the establishment  
15 of co-operative long haul transport.

16 Q. What you are saying is that possibly  
17 through research and co-operation between the live  
18 stock shippers and the railways, a new type of equip-  
19 ment may be developed or new types of systems devised  
20 that might be of assistance? Is that what you have  
21 in mind?

22 A. Yes.

23 MR. SINCLAIR: Thank you very much.

24 BY THE CHAIRMAN: Q. I have been interested  
25 in one question. What about feed grain movements from  
26 the West? Is that important to you?

27 A. It is quite important to all live stock  
28 feeders in Ontario. We are much concerned with that  
29 problem. It is our feeling that climatic conditions  
30 and a number of other things make live stock a vital







1 Mr. McTavish, Cr.-ex.  
2 (Sinclair)

3 consideration in Ontario.

4 Q. Do you want that continued?

5 A. We do. I am speaking for the live stock  
6 feeders of Ontario. We would like to see it continued.

7 BY COMMISSIONER MANN:

8 Q. If you will look on page 2, I should  
9 like to ask a question. I am a little confused about  
10 the table which gives the live stock rates. It says,  
11 "Old Rates August 1959" and "New Rates August 1959".  
12 What type of rates do you have on live stock from  
13 Western Canada, say, to Toronto? Are those class  
14 rates? Are they commodity rates?

15 A. I am not a freight expert. Briefly, what  
16 this means is, what Mr. Sinclair has referred to, a  
17 reduction. There was a general reduction on the 1st  
18 of August, plus the reduction to meet competitive rates,  
19 a further reduction in September.

20 Q. You had a reduction that came about  
21 because the government paid \$20 million to reduce  
22 class and commodity rates, but then a competitive  
23 adjustment entered into your live stock rates and those  
24 rates presumably became competitive rates, did they  
25 not?

26 A. First, on seven points of origin only,  
27 and it was further extended to seventeen points, and  
28 now I believe it applies to all points of origin.

29 Q. So you have had in a sense one decrease  
30 on some origins and another type of decrease on other







1 Mr. McTavish, Cr.-ex.  
2 (Mann)

3 origins? Isn't that it? One was given by the  
4 Federal Government, the other was given to you by  
5 competition?

6 A. That is correct. I think we perhaps  
7 should establish one thing as far as cattle feeders  
8 are concerned, Mr. Mann. It is a relationship rather  
9 than a level of rates which causes us concern.

10 Q. I understand that. Mr. McTavish, I  
11 wonder whether you could answer this question. I recall  
12 that somewhere in the West we were told that the first  
13 live stock movement from Western Canada to, I believe,  
14 Toronto took place last year by truck, or was it this  
15 year?

16 A. I would like to refer that question to Mr.  
17 Price.

18 MR. PRICE: Last year, I believe.

19 COMMISSIONER MANN: Has there been much of  
20 that type of movement since then, or was this an  
21 extraordinary event?

22 MR. PRICE: We have no figures, but I under-  
23 stand that movement is gradually increasing.

24 Q. It has been increasing? I see. You  
25 have no figures?

26 MR. PRICE: No, I am sorry.

27 Q. This would be from where to Toronto?

28 MR. CAMPBELL: Calgary and Winnipeg.

29 MR. McTAVISH: I would also point out that  
30 that business is expanding in that in my own area, which





1 Mr. McTavish, Cr.-ex.  
2 (Mann)

3 is a destination area for feeder cattle -- and we  
4 depend on Western Canada for our supplies -- there  
5 is one operator fully established on the basis of  
6 moving two rail cars per week. At this time of the  
7 year, he was up to four, and that was in a small area.  
8 That would be in the realm of experimental business.  
9 It is a very heavy investment, but he is expanding  
10 that investment.

11 Q. This is by truck?

12 MR. McTAVISH: Yes.

13 Q. Is this special truck equipment, or what  
14 kind of trucks do they use? Have they bought a  
15 special type of van for this particular movement?

16 A. That is correct. At the present time,  
17 he has bought two vans, double backed vans, which  
18 allow him to move an average load of 100 weaner calves  
19 at 400 lbs. per load. He is now attempting to get a  
20 load going west, but it is specialized equipment.

21 THE CHAIRMAN: Q. What are the rates?

22 MR. McTAVISH: The rate now is, shall we  
23 say, what the traffic will bear, because of the time  
24 factor and the improved condition that the cattle  
25 arrive in.

26 Q. Is it above or below the rate charged ---?

27 A. Mostly the rate is now \$2.20. He is  
28 charging \$3.00 from all Saskatchewan points. That is,  
29 it might be Maple Creek or Saskatoon, but from all  
30 Saskatchewan points it is \$3.00. That is from  
ranch in Saskatchewan to feed lot in Ontario.







1 Mr. McTavish, Cr.-ex.  
2 (Mann)

3 Q. Is this mostly feeder cattle?

4 MR. McTAVISH: That is right.

5 Q. Not the finished cattle?

6 MR. McTAVISH: Mr. Price has given you an  
7 indication of the finished cattle, and Mr. Campbell,  
8 because they come into the Toronto area.

9 MR. PRICE: There are some beef cattle  
10 coming.

11 THE CHAIRMAN: It is mostly feeder cattle?

12 MR. PRICE: Yes.

13 MR. MEHLENBACHER: Might I point out that  
14 the particular benefit on the truck route would be on  
15 delivery from farm to farm. There would be no cartage  
16 from the railroad to the farm in Ontario that is  
17 added in, and a farmer must take that into considera-  
18 tion.

19 THE CHAIRMAN: There is no pick-up and  
20 delivery?

21 MR. MEHLENBACHER: That is, on the Ontario  
22 end. May I also bring this point out? The variation  
23 as between the dressed beef and the live beef -- this  
24 works to the disadvantage of the live animals coming in.  
25 The truck route from the west has the added advantage  
26 that they can come through the United States in bond.  
27 The live animals cannot, because there is a possibility  
28 that they may have to unload, and that is not possible.

29 CROSS-EXAMINATION BY MR. HUME: Q. May I ask this question?

30 I understand there is less shrinkage also in the





1 Mr. McTavish, Cr.-Ex.  
2 (Hume)

3 truck movement and that the cattle arrive in a better  
4 condition?

5 MR. MEHLENBACHER: Q. Is the question  
6 directed to me?

7 Q. You were answering.

8 MR. MEHLENBACHER: Yes, but I am in the  
9 Niagara Peninsula, and a delivery has not come down to  
10 our end, but the receivers that have been receiving the  
11 cattle tell me that their cattle come in by truck in  
12 much better shape than by rail and, I think, in about  
13 two days' time.

14 MR. McTAVISH: In our areas, it is 72 hours  
15 from Edmonton. The shrinkage figures the last time I  
16 checked were running approximately 5 per cent against  
17 8 per cent by rail.

18 THE CHAIRMAN: How do you feed water?

19 MR. McTAVISH: In one case, the operator  
20 has established a feed lot at the Saskatchewan border  
21 and he has other feed lots and watering facilities  
22 established at other places.

23 COMMISSIONER BALCH: And you want to load  
24 them with the rest?

25 MR. McTAVISH: They are subject, naturally,  
26 to the same regulations.

27 THE CHAIRMAN: Well, thank you very much,  
28 Mr. Campbell and Mr. Price.

29 We will now adjourn until tomorrow morning  
30 at ten o'clock in Quebec.

---Whereupon the proceeding were adjourned until





*Howe C. P. 1970*

# ROYAL COMMISSION

ON

## TRANSPORTATION

### HEARINGS

HELD AT

Quebec, Quebec

VOLUME No.:

**45**

DATE

**MARCH 17 1960**

OFFICIAL REPORTERS

ANGUS, STONEHOUSE & CO. CORP.

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1  
2 ROYAL COMMISSION ON TRANSPORTATION  
3  
4

5 Proceedings of hearings held  
6 in the Court House, Quebec,  
7 Quebec, on the 17th day of  
8 March, 1960  
9  
10  
11

12  
13 COMMISSION

14	Mr. M. A. MacPherson, Q.C.	Chairman
15	Mr. H. Anscomb	Member
16	Mr. A. H. Balch	Member
17	Mr. R. Gobeil	Member
18	Mr. H. A. Mann	Member
19	Mr. A. Platt	Member

20 COMMISSION COUNSEL

21 Mr. A. G. Cooper, Q.C.

22 Mr. G. S. Cumming

23  
24 Mr. H. W. Ellicott Adviser

25 Mr. F. W. Anderson Secretary

26 Major N. Lafrance Assistant Secretary  
27  
28  
29  
30





Quebec City, Thursday,  
March 17, 1960.

---On commencing at 10.00 a.m.

THE CHAIRMAN: Order, gentlemen, please.

MR. DROIN: Mr. Chairman, as counsel for the province of Quebec, I must first express our gratification for your granting us the privilege for the first time, I think, of having simultaneous translation. Unfortunately, Mr. Rivard, who is the minister for transportation in the province of Quebec, was taken ill two or three days ago and will be unable to appear before you, but he has delegated one of the top-notch ministers of the province of Quebec cabinet, the Hon. Johnson, who will read the brief prepared by the Hon. Rivard, and Mr. MacPherson knows the friendship ties between him and Mr. Rivard, and he most wanted me to express this.

THE CHAIRMAN: Thank you very much, Mr. Droin, and I will now ask Mr. Lafrance to read the order-in-council.

THE SECRETARY: The committee of the Privy Council have had before them a report from the Right Honourable John G. Diefenbaker, the Prime Minister, stating that it is in the national interest that a comprehensive and careful inquiry be made with all reasonable despatch into the problems relating to railway transportation in Canada and the possibility of removing or alleviating inequities in the freight rates structure.

The Committee, therefore, on the recommendation of the Prime Minister, advise that







1  
2 Herbert Anscomb, Cictoria,  
3 Archibald H. Balch, Ottawa  
4 Rene Gobeil, Quebec  
5 M. A. MacPherson, Sr., Regina  
6 Howard Mann, Moncton,  
7 Honourable Charles P. McTague, Toronto  
8 Arnold Platt, Lethbridge

9 be appointed commissioners under Part I of the Inquiries  
10 Act to inquire into and report upon the problems relating  
11 to railway transportation in Canada and the causes there-  
12 of, and to recommend solutions thereto, and in particular,  
13 without restricting the generality of the foregoing,  
14 the Commission shall consider and report upon:

15 (a) inequities in the freight rate structure,  
16 their incidence upon the various regions of Canada and  
17 the legislation and other changes that can and should be  
18 made, in furtherance of national economic policy, to  
19 remove or alleviate such inequities;

20 (b) the obligations and limitations imposed  
21 upon railways by law for reasons of public policy, and  
22 what can and should be done to ensure a more equitable  
23 distribution of any burden which may be found to result  
24 therefrom;

25 (c) the possibilities of achieving more econom-  
26 ical and efficient railway transportation;

27 (d) whether, and to what extent, the Railway  
28 Act should specify what assets and earnings of railway  
29 companies in businesses and investments other than rail-  
30 ways should be taken into account in establishing freight  
rates; and





1  
2 (e) such other related matters as the Commiss-  
3 ioners consider pertinent or relevant to the specific  
4 or general scope of the inquiry.

5 The Committee further advise:

6 1. That the scope of this Commission shall  
7 not extend to the performance of functions which under  
8 the Railway Act are within the exclusive jurisdiction  
9 of the Board of Transport Commissioners;

10 2. That the Commissioners be authorized to  
11 exercise all the powers conferred upon them by section  
12 11 of the Inquiries Act, and be assisted to the fullest  
13 extent by government departments and agencies;

14 3. That the Commissioners adopt such procedure  
15 and methods as they may from time to time deem expedient  
16 for the proper conduct of the inquiry and sit at such  
17 times and at such places in Canada as they may decide  
18 from time to time;

19 4. That the Commissioners be authorized to  
20 engage the services of such counsel, staff and technical  
21 advisers as they may require at rates of remuneration  
22 and reimbursement approved by the Treasury Board;

23 5. That the Commissioners report to the  
24 Governor in Council with all reasonable despatch; and

25 6. That the Honourable Charles P. McTague be  
26 Chairman of the Commission.

27 The Committee of the Privy Council have had  
28 before them a report from the Prime Minister submitting  
29 that the Honourable Charles P. McTague has, by reason of  
30 ill health, asked to be relieved of the responsibilities







1  
2 placed on him as member and chairman of the Royal Com-  
3 mission on Transportation to which he was appointed by  
4 Order in Council P. C. 1959-577 of 13th May, 1959.

5 The committee accordingly advise that  
6 Mr. McTague's resignation as a member and chairman of  
7 the said Commission be accepted and that Murdoch Alex-  
8 ander MacPherson, Esquire, Q. C., a member of the  
9 Commission, be chairman thereof.

10 THE CHAIRMAN: Ladies and gentlemen, I want  
11 to introduce to you the members of the Royal Commission.  
12 On my left is Mr. Balch from the city of Ottawa, who  
13 has been a railroad worker all his life, and always  
14 interested in the trade union movement.

15 Next is Mr. Anscomb from the province of British  
16 Columbia, from Victoria, who for seven years was minister  
17 of finance of that province.

18 Next is your own Dr. Rene Gobeil to whom we  
19 are very much attached, and whom we hold in very high  
20 regard in our Commission.

21 Then there is Mr. Mann from Moncton, New  
22 Brunswick, who is the executive manager of the Maritime  
23 Transportation Commission, and who is a graduate of the  
24 University of Toronto in transportation economy.

25 On my extreme right is Mr. Platt, a farmer  
26 from Alberta, who is a master of science from the  
27 University of Alberta, and who is past president of  
28 many organizations out there.

29 I am, myself, from the province of Saskatchewan.

30 We are delighted, Mr. Droin, to be here. We







1  
2 are really sorry that Mr. Rivard cannot be present.  
3 We are glad Mr. Johnson is here. Mr. Rivard is an old  
4 friend of mine, and I trust that he will be shortly  
5 back in good health.

6 MR. DROIN: I was told that he was all right  
7 this morning.

8 THE CHAIRMAN: That is fine. Now, we, as  
9 a Royal Commission, have had great privileges. We have  
10 been across this great country from St. John's to  
11 Victoria, and we have had some opportunity of realizing  
12 just how rich and how fortunate we are, but there is  
13 something more important even than seeing something of  
14 our resources: We have had an opportunity of taking  
15 part in this thing we call freedom, having the oppor-  
16 tunity of hearing what the people have to say, and  
17 we trust we can give honest consideration to everything  
18 they have to say. This is a great country, and it is  
19 absolutely essential that we remain united, and there  
20 is nothing that will separate us further than the ques-  
21 tions which arise over transportation. We are so  
22 fortunate in Canada: Two races, two peoples, happy,  
23 contented, and we must continue that way.

24 It is our great privilege to be here in Quebec,  
25 and we would ask you to carry on, Mr. Droin.

26 MR. DROIN: Mr. Chairman, we are privileged  
27 to have you as chairman, and the other Commissioners  
28 of this Royal Commission are very able men, and we are  
29 sure that Quebec's requests will be heard with intelli-  
30 gence. Perhaps we will not be able to give good  
answers, but we are sure to be heard intelligently.





1  
2 As I said before, Mr. Rivard is absent, but  
3 he has delegated Mr. Johnson, who is a top-notch minister  
4 in the province of Quebec. Mr. Barrette called me up  
5 to say that unfortunately, on account of his session  
6 duties, he could not be here. Mr. Johnson has torn  
7 himself away to come here and to present this brief,  
8 and I am sure you will be interested in hearing  
9 Mr. Johnson.  
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1  
2 MR. HUME: Mr. Chairman, before Mr. Johnson  
3 commences, may I ask Mr. Droin if there are extra  
4 copies of the brief of the province of Quebec? Some  
5 counsel at the table have not received them yet, and  
6 it is easier to follow the evidence if we have the  
7 brief before us.

8 THE CHAIRMAN: I meant to refer to that,  
9 gentlemen. If there is anybody here who is presenting  
10 a brief, I would be glad, if possible, if the copies  
11 were made available to all counsel so that they could  
12 follow them.

13 MR. DROIN: Mr. Chairman, we sent fifteen copies  
14 to Toronto, ten copies to Ottawa, and I am sure we  
15 have additional copies -- all French, of course.

16 MR. FRAWLEY: I wonder who got the fifteen  
17 copies which went to Toronto?

18 MR. DROIN: Fifteen copies were sent to the  
19 Park Plaza, I think.

20 MR. FRAWLEY: To the Commission?

21 MR. DROIN: To the Commission, and ten copies  
22 to Ottawa, at the request of Mr. Anderson or Major  
23 Lafrance.

24 THE CHAIRMAN: Well, if we can get copies dis-  
25 tributed now so that counsel can call on Mr. Johnson.

26 Mr. Johnson?

27 MR. JOHNSON: Mr. Chairman, gentlemen, my first  
28 words will be to express, on behalf of the government of  
29 Quebec, and in the name of the French-speaking popu-  
30 lation not only of this province but of the whole country,  
our most heartfelt appreciation for the elegant gesture





1  
2 performed by your Commission by the introduction of  
3 simultaneous translation, possibly creating a precedent  
4 in the domain of royal commissions. May your thought-  
5 fulness be an inspiration for all those connected with  
6 the operation of public services throughout this country.

7 I feel that national unity has made another  
8 great step, and should this mutual respect for our two  
9 languages be generalized, Canada would gain stature in  
10 the international field.

11 As most distinguished counsel has informed you,  
12 it is unfortunate that the Honourable Minister Rivard,  
13 to whom this brief was presented and who, I understand,  
14 has approved it, is unable to be here, and I really  
15 appreciate the opportunity of presenting before you some  
16 of the views of the province of Quebec, of its government,  
17 on this very important problem before this very dis-  
18 tinguished Commission.

19 I understand that due to the fact this is only  
20 a preliminary brief I should not be put to questions or  
21 grilled by the honourable counsel. Not that I shun away  
22 from any fight; we are actually in the midst of the  
23 annual fight of the session and just about winding it  
24 up, but due to the fact that transportation not being  
25 my particular field or responsibility in the government,  
26 I don't think that I should be expected to state the  
27 policy of the government in other form than the form of  
28 the brief. This more so because I understand we will be  
29 given an opportunity of presenting later on a formal  
30 and definitive brief. There will be, I am sure, some  
criticism in this brief, but I would like you to remember







1  
2 a quotation, with which you are familiar, I am sure,  
3 of that great author, J. B. Priestley, who said that  
4 we should behave toward our country as women behave  
5 toward the men they love. A loving wife will do anything  
6 for her husband except stop criticizing and trying to  
7 improve him.

8 THE CHAIRMAN: I think, Mr. Johnson, both the  
9 Commission and counsel will try to respect you for what  
10 you have asked in that respect.

11 MR. GADBOIS: Mr. Chairman, I appear for the  
12 Canadian Pacific Railway. Mr. Sinclair, chief counsel,  
13 has been unable to attend this morning, but will be here  
14 at noon hour.

15 Is this arrangement that Mr. Johnson is not  
16 to be cross-examined a prior arrangement arrived at  
17 with the province of Quebec, or is that something that  
18 is coming up now for discussion?

19 MR. DROIN: Not at all. May I be permitted,  
20 Mr. Chairman. This is a logical thing. Mr. Johnson is  
21 not just - as a matter of fact, about an hour ago he  
22 was informed about the presentation of this brief.  
23 I will not subject and I will not permit Mr. Johnson  
24 to be subjected to cross-examination.

25 THE CHAIRMAN: Mr. Droin, Mr. Johnson will now  
26 proceed and we will cross bridges as we come to them.

27 MR. JOHNSON: I would certainly not like to  
28 mislead the public opinion on this subject. Those who  
29 are familiar with politics in Canada, and particularly  
30 in Quebec, know that we have been subject to cross-  
examination, but due to the particular circumstances in







1  
2 which I have been called on to present this brief, I  
3 don't think it - I could, of course, answer certain  
4 questions with pleasure, but when it came to state the  
5 government's official views, I would have to just refuse  
6 or to decline the honour of answering those questions.  
7 But if there was any clarification that anyone would  
8 like to have, I would gladly give it to them. Today  
9 being St. Patrick's day and being one of those Canadians  
10 who is partly Irish, I would love a fight anywhere,  
11 but I think my friend should appreciate the position in  
12 which we are.  
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SUBMISSION OF  
THE GOVERNMENT OF THE PROVINCE OF QUEBEC

Appearances:

Hon. Daniel Johnson, Minister of Hydraulic  
Resources

Mr. Ross Irwin, Q.C.

---

MR. JOHNSON: In the name of the government of the province of Quebec, it gives me great pleasure to welcome you most cordially to Quebec, on the occasion of your second official visit. We hope that your journey will be most agreeable, if not more agreeable than in October last, when we had the pleasure of meeting you with the deceased the Hon. Paul Sauve, who was then premier of the province, and we had decided to present a brief as did other provincial governments on the occasion of your visit to various provincial capitals.

One of your Commissioners afterwards sent us a series of questions. We have examined these questions with a group of experts who are at this moment preparing a precis which will become our final brief that we hope to present to you at a later date. Please consider, Mr. Commissioners, this first brief as a preliminary brief of the government of the province of Quebec.

You have already held hearings at Quebec and at Montreal. You have heard briefs presented by the various regional organizations, business groups, private







1  
2 After Confederation in 1867, as it was one  
3 of the principal conditions of Confederation, the first  
4 great period of construction of railways in Canada  
5 began. The province of Quebec had then a population of  
6 1,191,516 inhabitants, which was 32.5 per cent of the  
7 Canadian population, and its principal economic acti-  
8 vities were composed of the following labour force:  
9 In agriculture, 41.1 per cent; in industry, 19.3 per  
10 cent; in business and the services, 7.5 per cent; and  
11 in other categories of employment, 26.1 per cent;  
12 total, 100 per cent. The province, which was mainly  
13 agricultural, had already an urban population of  
14 232,346 inhabitants, hundreds of miles of railway, large  
15 naval construction groups within the environs of Quebec  
16 in the period 1860-1869, constructed approximately 720  
17 naval ships with a total tonnage of 340,000 tons.  
18 At this time the ports of Quebec and Montreal were the  
19 main international centres for the import-export business.  
20 It was the age of lumber, with large log booms coming  
21 down the rivers of l'Outaouais and on the St. Lawrence,  
22 but this was an age which was soon to disappear. The  
23 utilization of steam as applied to locomotives and to  
24 ships and the sudden appearance of ships constructed of  
25 steel would soon revolutionize these two types of  
26 transportation.

27 In Montreal the Canadian Pacific Railway was  
28 extending towards the west in order to join by rail the  
29 people of British Columbia, and the Intercolonial and  
30 the Grand Trunk were extended towards the east to join  
the people and the interests of the maritime provinces





1  
2 to that of central Canada. Towards the end of the last  
3 century, the construction of railways in the valley  
4 of the St. Lawrence was terminated. The railways  
5 became an excellent method of transportation, more  
6 rapid and more efficient than the ship, as we could use  
7 this type of transportation all year around in a prov-  
8 ince where winter - where life came to an economic  
9 standstill for a period of four months or a lesser  
period depending on the severity of winter.

10 The railway did not only follow the St.  
11 Lawrence but it joined the territories which were further  
12 into the interior which overcame isolation. However,  
13 it did not go out of the valley of St. Lawrence in  
14 Quebec, and it did not cross the Canadian Shield until  
15 1888 and at that time reached Chambord and penetrated to  
16 other centres, reaching Chicoutimi in 1893, Angliers in  
17 1909 and Mont Laurier in 1923. The construction of the  
18 transcontinental railway opened up Temiskaming and  
Abitibi in 1913.

19 In holding the railway to the St. Lawrence  
20 valley, this line served to consolidate the economic  
21 heart of the province of Quebec at the time when, in  
22 1900, we had begun to harness the first falls for  
23 energy purposes, to make paper and to extract minerals  
24 from our first mines. All this was done in known  
25 regions which were accessible to rail. We could have  
26 done more in this province as we knew of the existence  
27 of all sorts of minerals but because of the western  
28 expansion and the beginning of the age of the large  
29 expansion of the cultivation of wheat in the prairie  
30







1  
2 provinces, the economic development of Quebec was  
3 restricted to territories already known, that is to  
4 say, within a total area of 60,000 square miles.

5 In 1901, we had a population of 1,648,898  
6 inhabitants, which was 30.7 per cent of the total  
7 population of Canada. Already our economy had become  
8 a diversified one as demonstrated by the percentage of  
9 our labour force by economic activity: of our labour  
10 force, 38.24 per cent was employed in agriculture;  
11 in industry 25.18 per cent; in mining 2.61 per cent;  
12 in forestry 6.93 per cent; in business and services  
13 and in transportation and communications, 22.9 per cent;  
14 and in other activities, 12.72 per cent. The railway  
15 captured provincial passenger traffic and took away from  
16 ships local freight traffic, regional and also provincial.  
17 This left to shipping international traffic with Europe  
18 and the other continents and interprovincial business  
19 between the maritimes and Newfoundland. There is no  
20 doubt that the 3,500 miles of railway were utilized to  
21 a maximum and were well situated in a densely popul-  
22 ated area and well distributed. We took into account  
23 at that time that the railway network stretched in a  
24 general direction east-west, which favoured transit  
25 traffic, which doubled the shipping distance of the  
26 St. Lawrence and entered into competition with shipping  
27 instead of being complementary to it. We might have  
28 known a more rapid economic development if in 1910 we  
29 had had as many miles of railway as Ontario. In 1910  
30 Ontario already had 8,230 miles of railwaw, which was  
307 inhabitants per mile as compared to our 3,795 miles,







1  
2 with a population of 529 inhabitants per mile. The  
3 Canadian average at that time was 279 inhabitants per  
4 mile. The number of miles, before the advent of the  
5 automobile, the bus and commercial and private trucks,  
6 were of a primary importance as the railway was the  
7 only type of surface transportation with the exception  
8 of ships which were used on the St. Lawrence and its  
9 tributaries which joined the various economic regions  
10 of the province, increased changes and permitted a more  
11 rapid industrial expansion.

12 We then went on to the second large period  
13 of railway construction in Canada (1905 - 1930), in  
14 particular the prairie provinces and British Columbia.  
15 The first period of construction had served to unite and  
16 weld this new country. The second period served to  
17 consolidate this country. We exaggerated, we saw  
18 railways spread haphazardly to the left, to the right,  
19 to the north, the west and to the east, and to the south,  
20 with the results that we know. To defray the cost of  
21 this scattered national network we introduced subsidies,  
22 etc. Of the most important, we would like to draw to  
23 your attention the Crow's Nest Pass rates, the Maritime  
24 Freight Rates Act, which, we should state in passing,  
25 that Quebec is the only province in the country which is  
26 divided into two distinct territories with regard to  
27 freight rates by railways, which is not only an advantage  
28 but a disadvantage also as we will explain later - the  
29 annual bridge subsidy of \$7 million to the north of  
30 Ontario to ease the exchange of goods between the  
provinces of the west and the east.





1  
2 During the period of 1905 - 1930, our province  
3 saw a great industrial expansion during the First  
4 World War. At the end of the war the automobile, the  
5 truck and the bus made their appearance, our system of  
6 roads developed to give this new economy a new method  
7 of transportation and to Quebec a desired competition.

8 The second large industrial expansion occurred  
9 during the Second World War which to date has not  
10 slowed down. What has the railway done during this  
11 period? It has placed Abitibi and Temiskaming at  
12 economic regions on the map of Quebec, but this region  
13 was drained by another railway in Ontario, the Ontario  
14 Northland, which proceeded towards Toronto which, under  
15 normal conditions, this western region of our province  
16 should have oriented itself towards Quebec, the capital,  
17 or metropolitan Montreal. From 1920 to 1958, the railway  
18 in Quebec went from 4,941 miles to 5,096 miles, a net  
19 gain of 155 miles in 38 years. It is true that Ontario,  
20 during the same period lost 534 miles of rail, but if  
21 we compare the number of people per mile of railway,  
22 we realize that in 1920 we had 477.8 people per mile,  
23 and in 1958 we had 981, just double, while in Ontario  
24 it was reported as 568.6 persons per mile. The Canadian  
25 average is 383 persons per mile. What else did we build  
26 during this same period? Thousands and thousands of  
27 rail miles. For example, it is interesting to compare  
28 the western provincial network between 1920 and 1958:  
29 In Manitoba, a gain of 602 miles; in Saskatchewan, a  
30 gain of 2,500 miles; in Alberta a gain of 1,206 miles;  
and in British Columbia a gain of 472 miles. There







1  
2 was no progress in the maritimes during these 38 years.  
3 It is true that the Atlantic provinces as a group had  
4 in 1920 an average of 283 inhabitants per rail mile,  
5 and this average is 416 inhabitants per rail mile in  
6 1958, when the average of the three prairie provinces  
7 in 1958 was 52 persons per mile. It should be pointed  
8 out that Quebec got the least increase of all the prov-  
9 inces of Canada during these many years. It may be  
10 pointed out to us that we must take into consideration  
11 the location of the network with regard to the geographic  
12 location of the population, that we have less miles of  
13 railway than the other provinces of Canada with regard  
14 to their population, but that the network is better  
15 situated, performs better, carries more. In brief, that  
16 it is efficient. The problem, as we see it, must be  
17 related to the role that the railway has played and will  
18 play in the development of a territory or region and  
19 we think that the regions which are not now served or  
20 served poorly in Quebec, would have benefited consider-  
21 ably and would have gained more by a more concentrated  
22 network, especially when the railway favours the develop-  
23 ment of the natural resources of the region.

24 We built the Canadian railway network on a  
25 national policy which was aimed at the interests of  
26 Canada in general. We could have planned this network  
27 within a provincial and regional perspective at the same  
28 time. We supplemented this network in Quebec by an  
29 extensive policy for the development of highways which  
30 gave good roads to another type of transportation in  
order that it may join the economic regions of our





1  
2 province and to contribute to a better economic  
3 development. Since 1951, Quebec has known the greatest  
4 railway development in the country. Nearly all these  
5 new routes have an orientation towards north and south,  
6 for example, the railway between Quebec and Labrador  
7 of 357 miles serves Schefferville and Seven Islands  
8 and was completed in 1954, and the one of Quebec Cartier  
9 Company between Gagnonville and Port Cartier, which is  
10 actually under construction, will eventually have a  
11 length of 193 miles. Elsewhere the Canadian National  
12 Railways own and operate more than three-fifths of the  
13 railway network in Quebec, and it is good to remember  
14 that they have constructed recently the line between  
15 Beattyville, Chibougamou, St. Felicien, which is 302.3  
16 miles long. This line will permit us to reach new  
17 natural resources, wood and minerals, and to carry these  
18 towards the mills of the cities in the centre of  
19 Quebec, as long as we do not impose high freight rates  
20 because of the lack of competition from trucks or ships.  
21 This would destroy the principle for the opening of  
22 this new rail route, destroy it before it is developed  
23 or increased. This would hinder the economic develop-  
24 ment of this province. Between 1951 and 1960 we have  
25 made an approximate gain of 850 miles of railway. Is  
26 this the end of our network expansion? We do not  
27 think so. It might be well for us at this time to study  
28 in more detail the question and for the railway company  
29 also to examine if it would be advantageous to extend  
30 our actual network by railways between the following  
points:







- a. Mont Laurier and Maniwaki
- b. Mont Laurier and Senneterre
- c. Dolbeau and Baie Comeau, Port Cartier and Seven Islands
- d. Chicoutimi and Tadoussac -Baie Comeau - Port Cartier and Seven Islands
- e. Gaspé and Matane, along the St. Lawrence
- f. La Malbaie and Tadoussac, and around the Saguenay towards Seven Islands
- g. Angliers and Rouyn - Noranda.

The development of railways is certainly not terminated in a province which has known in less than ten years the terrific mineral development in the north and in the north-east for one part, and a growing industrialization in the valley of the St. Lawrence. New rail lines in the remote regions and a better co-ordination of existing services in central regions seem to be the future which our railways will follow. If we want these to be a paying proposition, we should leave to the railways the abandonment of certain lines which no longer have a reason to exist, not only in Quebec but elsewhere in Canada. This would probably be one of the solutions to this continual problem and would permit them to operate at a profit and not a loss. If we permitted the railways to reduce their networks by thousands of miles, but before permitting them to cease serving a territory, we should make sure that this territory possesses other public services of adequate transportation, trucks and buses which are capable of giving an equal service or better. The abandonment







1  
2 of useless branch lines would cut expenses of the two  
3 large railways and would contribute towards the solving  
4 of this problem without subsidies and special tariffs.

5 In general, one wants and one expects more  
6 from the railways. In many cases most of the complaints are  
7 with regard to the service already performed.

8 The passengers in particular resent the  
9 lack of adherence to timetables, the lack of comfort,  
10 etc. We have noted with satisfaction the introduction  
11 of Budd cars which have the advantage of stopping  
12 at all small stations and which travel at a high rate  
13 of speed like express trains. Let us hope the railways  
14 will introduce this type of service on other lines in  
15 the near future. The dieselization program, replacing  
16 the steam locomotive by the diesel locomotive, of our  
17 two large networks, is nearly complete. The immediate  
18 result was to bring our cities closer together in  
19 cutting the time required to travel the distance.  
20 The transcontinentals have cut their time from Montreal  
21 to Vancouver; since the introduction of diesels the  
22 service between Montreal-Three Rivers and Quebec via  
23 the trains Viger and Frontenac, take the same time,  
24 i.e., four hours. This is not understood as the  
25 passenger traffic on this line is heavy and the  
26 service should be more rapid. We say and we repeat  
27 that the railway companies are prepared to abandon  
28 their passenger traffic where the lines do not pay.  
29 We do not think that there are many lines of passenger  
30 traffic that still show a profit. However, we believe  
that the line Montreal-Three Rivers-Quebec of the





1  
2 Canadian Pacific still pays. Does this line not  
3 join these three great urban cities of our province?  
4 It is a vital line for us. We can mention other passenger  
5 lines which have been brought to our attention, but we  
6 realize that the railway companies would have reasons  
7 in most of these cases. We will deposit these as an  
8 appendix in our final submission. Commuter train  
9 service in the metropolitan area of Montreal has brought  
10 many protests from the inhabitants of Montreal and  
11 adjoining suburbs. Have we done and have we examined  
12 all the possible solutions? We have reduced the number  
13 of trains and have raised the passenger fares many  
14 times. By using a lighter type of equipment, similar  
15 to that used on the Toronto subway, where we have  
16 joined subway stations, maybe we could offer thousands  
17 of travellers a more efficient service. The government  
18 of Quebec will build bridges in the vicinity of  
19 Montreal. We will double the size of the Honore Mercier  
20 bridge. We will build a bridge with many lanes between  
21 Ste. Anne de Bellevue and the cities of Dorion and  
22 Vaudreuil. This will facilitate the movement of traffic  
23 around Montreal. But the growing number of vehicles  
24 on our roads will certainly send many travellers back  
25 to the railway in the metropolitan region of Montreal.  
26  
27  
28  
29  
30







1  
2 The method of handling freight traffic has  
3 been severely criticized on questionnaires that we  
4 have sent to our various Chambers of Commerce, to  
5 economic councils of counties and other associations  
6 of this type. We complain in particular of late  
7 arrivals, etc. Here again we can provide explanations.  
8 We will leave it to the remarks we have already made.

9 We have noted the construction of modern  
10 marshalling and sorting yards at Charny on the Canadian  
11 National Railways in the region of Quebec and the one  
12 at Cote St. Luc by the Canadian National Railway and  
13 the Canadian Pacific Railway. We have noted the  
14 introduction of C. T. C. on the main lines of the  
15 province and we understand this will serve towards  
16 improving the service. But these services by nature  
17 will not serve to reduce the rate. On the contrary.  
18 It is an innovation whose primary objective is to  
19 co-ordinate the two methods of transportation, both  
20 rival. It is the service called piggyback, a combin-  
21 ation of rail and truck movement. It is a new innovation  
22 which should be utilized and experimented with. However,  
23 we fear, as expressed by various trucking associations  
24 many times, that after two or three years of trial and  
25 after the larger trucking companies will have re-  
26 organized their equipment, limiting themselves to a  
27 few tractors for handling trailers in the cities  
28 towards the terminals or industrial parts of their  
29 clients, that the railways will attempt to choke off  
30 this type of competition which has lost them a consider-  
able amount of their traffic. The truckers, being at





1  
2 the mercy of the railway companies, and having lost  
3 their customers, will cause the railways to raise their  
4 rates to the truckers, forcing the trucking companies  
5 to integrate with the railways or to purchase new equip-  
6 ment in order to go back to road moves. Competition  
7 is indispensable to our capitalist system. It is  
8 healthy and to cause the competition to disappear would  
9 destroy the economic system that we have adopted. We  
10 must not forget that rail and truck are public services.  
11 They are not like agriculture, mining, manufacturing  
12 or fishing, for example. They offer and give a service,  
13 co-ordinating their operations to give the public a  
14 better service, and it is a good thing but a better  
15 service for the same price will help the contributor  
16 from Quebec and elsewhere in Canada to take advantage  
17 of the service and price. If the service of piggyback  
18 in a few years results in a monopoly by the railways  
19 and if this monopoly in turn increases the charges, it  
20 would be extremely detrimental for the user of such a  
21 service. Competition and rivalry must exist. The  
22 shipper must have the opportunity to make his choice  
23 all the time. The raising of the freight rates, it is  
24 understood, hinder the economic development of our  
25 province. Up to this time we have been silent on this  
26 question, and our neighbour, Ontario, has also  
27 remained silent when the provinces of the west and the  
28 Atlantic provinces opposed and discussed the raising  
29 of the freight rates. They tell us that everything  
30 costs more, that the cost of living has gone up, and  
that salaries are increasing, therefore the cost of







1  
2 transportation must follow. However, we should not  
3 exaggerate. We hope that you will be able to maintain  
4 the present rates at the level they have now reached  
5 and that you will look elsewhere before raising the  
6 rates for the transportation of goods in Quebec, to  
7 reduce expenses and to make the rail deficits disappear.

8 I should like at this point to mention, before  
9 this Commission, the reason why the province of Quebec  
10 is not very often represented before a royal commission  
11 of inquiry. There have been royal commissions of inquiry  
12 in the past, but it does appear that they were constitu-  
13 ted or called upon to regulate merely an aspect of the  
14 problem without going into the fundamental problems.  
15 If we are here before you today, it is because we have  
16 been convinced that your Commission, gentlemen, has been  
17 entrusted with the task of looking at the role and the  
18 problem of railway transportation and bring a new contri-  
19 bution to this problem. In other words, we have been  
20 convinced that your Commission, Mr. Chairman and  
21 Commissioners, would look at this problem with a fresh  
22 mind and would try to bring or to suggest, if I may say  
23 so, basic solutions. The province of Quebec was not  
24 so much interested when it was only a matter of partial  
25 solutions, only a matter of a few cents or dollars  
26 regarding one rate or another rate. We did not think  
27 it useful or necessary to appear. However, if this Com-  
28 mission is to look at the whole basic problem and if  
29 the Commission is to try to establish more equity and  
30 bear the interests of the province of Quebec in mind,  
we are happy to appear.







THE HIGHWAY AND THE ECONOMICAL DEVELOPMENT OF QUEBEC:

It was after the First World War that the automobile made its appearance on the roads of this country. The motor driven vehicle was going to revolutionize surface transportation, especially the bus and the truck. In a little over forty years a highway network was constructed and this was a gigantic task in a province which is the largest in the country in square miles. Since 1920, we have completed 4,600 miles of pavement or gravel roads; in 1940, twenty years later, we could count more than 20,000 miles, a five-fold increase. In 1960 the first class roads, which is a dressed surface, which we describe as improved roads, reached a mileage of 33,000 miles; as a first-class network. We are the second in total mileage next to Ontario. We are not speaking here of the thousands and thousands of additional miles of roadway in the country.

The Minister of Highways, not only repairs but maintains and enlarges for future needs. That is the reason why the highways leading to our large cities are re-routed and corrected and it was last fall that the deceased Paul Sauve opened the new auto route in the Laurentians, a route incomparable anywhere in Canada. Our network is to be envied by the other provinces. We have severe climatic conditions, our winter is hard and does not assist the maintenance of these routes. To the contrary, the area over which we cross especially the Laurentians and the Appalachians present difficulties of all sorts which we have overcome





1  
2 and these areas attract tourists seeking scenery, of  
3 which we are very proud.

4 Mining roads towards Chibougamou and the one  
5 crossing Gaspé and the route to Côte Nord were begun  
6 after 1945. Thanks to these main roads we have  
7 rendered these mining regions accessible and thus have  
8 exploited our natural resources.

9 The province of Quebec has done much since  
10 the Second World War to improve its highway system.  
11 In 1949 we created the Department of Highways to co-  
12 ordinate the services and operations of trucks and  
13 buses. This was under the Department of Public Services.  
14 This department was one of the first in Canada to control  
15 public vehicles. It was the first in the country which  
16 required truckers to file their tariffs and it will be  
17 the first to insist on a bill of lading, which has been  
18 requested for a long time. Truckers who come from other  
19 provinces or from the United States and who use our  
20 roads, must come under the Department of Highways and  
21 our new highway code. In 1954, by a bill in the  
22 legislature, we created the Ministry of Transport and  
23 Communications, underlining the importance which the  
24 government attaches to this rapidly growing industry.  
25 We have just published a new highway code which we do  
26 not doubt will improve traffic.

27 Let us stop for a moment and examine the  
28 progress accomplished by trucking as per the following  
29 examples. In 1920 there was in the province of Quebec  
30 4,000 commercial trucks including light deliveries. In  
1940, we have ten times more, making a total of 40,140,







1  
2 and in 1945 a little over 50,000. Since 1945, we are  
3 aware that, like elsewhere in Canada, this business is  
4 growing rapidly. In effect the registration of vehicles  
5 has quadrupled to reach in 1958 a total of 197,821  
6 vehicles. The Department of Transport had under its  
7 jurisdiction in 1957 15,255 stake body trucks and  
8 more than 6,608 tractor trailers. In this latter  
9 category we are the second largest in Canada, immediately  
10 after Ontario for the number and tonnage transported.  
11 In 1957 we have compiled for the first time revealing  
12 figures for truckers engaged in for-hire business.  
13 This category of transport carried nearly 13 million  
14 tons of all types of products into the interior and the  
15 borders of Quebec and 2,303,000 tons of merchandise  
16 as interprovincial or intraprovincial traffic, that is  
17 to say, with the neighbouring provinces or with the  
18 United States. If we add to this global tonnage of  
19 more than 15 million tons, the tonnage carried by  
20 farm vehicles, by private trucks working for a company  
21 or for private enterprise, we reach a considerable  
22 tonnage. This caused the director of the division of  
23 public utilities and of the Transport Bureau D. B. S.  
24 to state in December last that of all the tonnage  
25 carried in Canada during the year 1957, in all directions,  
26 the tonnage carried by trucks represented 46 per cent  
27 of the total. Since 1950 this mode of transportation  
28 has registered the largest gain. With the urban routes  
29 at its disposal, the truck penetrates everywhere. It  
30 reaches the most remote farm, the lumber mill lost in  
the woods and the manufacturer in a city block, including





1  
2 the house in the suburbs. In relation to the Canadian  
3 average, however, the Quebec trucker must transport  
4 more tonnage, driving over longer comparable distances  
5 in order to make a profit equal to other Canadian  
6 truckers. We would like to bring to your attention a  
7 special case, the one of trucking companies located in  
8 the regions of lower St. Lawrence and Gaspé who, because  
9 of the special tariffs applicable in the maritimes,  
10 applying to the railways, must transport at a competitive  
11 rate which is lower than that applied to truckers in  
12 other regions in Quebec. Although they are controlled  
13 by the same laws, pay the same taxes, use the same  
14 equipment, they do not receive subsidies. It is a case  
15 which merits your examination. As far as we are con-  
16 cerned, we intend to help this type of transportation  
17 so that it is more efficient and more competitive.  
18 To sum up, the shipper and receiver in Quebec will profit  
19 by paying less for the transportation of the merchandise  
20 or the reception of it.

21 Transportation by bus has progressed consider-  
22 ably. In 1925 there were 307 buses operating under  
23 Quebec licences and in 1940 it had increased to 868.  
24 In 1945 the number was doubled to reach 1,624 and in  
25 1959, fourteen years later, 3,900 buses were operating  
26 on our roads. The Montreal Transportation Commission  
27 owned by itself 1,830 vehicles. Our department oversees  
28 the operations of these companies to the benefit of  
29 passengers, encouraging these companies to modernize  
30 their equipment, their stations and schedules.

We would like to draw the Commission's attention







to the evolution of motor vehicle traffic in the province of Quebec. Everybody knows the importance in which the car is held in daily life, weekly or monthly, and we have in this regard prepared a table showing four years, the years 1927, 1937, 1947 and 1957, showing the volume of passenger traffic expressed in passenger miles per head between the different types of vehicles used.

General volume of Passenger Traffic,  
in the Province of Quebec, Year 1927,  
1937, 1947, and 1957, Expressed in  
Passenger Miles per Capita.

	<u>1927</u>	<u>1937</u>	<u>1947</u>	<u>1957</u>
Cars (and taxis)	140	270	520	2100
Buses (and Trams)	197	178	447	390
Railways	317	175	295	176
Aircraft	-	3	21	111
TOTAL	654	626	1283	2777

Source: Department of Transport.

A regression has been noted in the use of services with the exception of civil aviation and transportation by privately owned motor car. In other words, we travel more and more by privately owned motor car and less and less by railways with the exception of the year 1947, when the production of automobiles was interrupted during the last years of the war, was again gaining momentum. We still use a certain amount of bus transport, but there has been a decrease between 1947 and 1957. This evolution is significant and explains the reason why we attach such importance to highway







1  
2 traffic. The presence of the truck and the bus on the  
3 road is an element of indispensable competition which  
4 helps to maintain lower rates which is an essential  
5 factor in the economic development of all parts of  
6 our province in the future.

7 THE ECONOMIC DEVELOPMENT OF QUEBEC AND TRANSPORTATION BY  
8 WATER:

9 New France is born - she is created and  
10 developed all along the long rivers of the St. Lawrence  
11 and its tributaries. Whether it was the birch-bark  
12 canoe, the traders' canoe, the ship or the sail boat,  
13 all displaces were made and exchanges were made by  
14 "moving routes". Quebec, Three Rivers and Montreal  
15 became the most populated centres, the most active areas  
16 and the most important ports in this young country.  
17 At the time of conquest, the roads followed the route  
18 of the St. Lawrence and these roads were complementary  
19 to navigation on the rivers and always essential. After  
20 the conquest and with the increase of trade, Quebec  
21 kept and increased its role as a national port, the  
22 port of entry and departure for Canada.

23 Our country then spread toward the west. We  
24 began to populate Ontario and were beginning to think  
25 of dredging the navigable waters of the St. Lawrence.  
26 The first phase of this construction commenced at  
27 the Lachine canal and the Beauharnois canal. After  
28 the beginning of the nineteenth century, the age of  
29 fur trading had decline and that of timber was succeeding  
30 it gradually. Large log booms came down the Ottawa  
and the St. Lawrence towards Quebec to be broken up and





1  
2 expedited to British markets. It was on the St.  
3 Lawrence in 1809 at Montreal that the "Accommodation",  
4 the first steamship ever constructed in Canada and  
5 propelled by a motor built at Three Rivers, made its  
6 inaugural voyage from Quebec. It was again on the  
7 St. Lawrence in 1831 at Quebec the "Royal William"  
8 was launched, a steam-driven ship to join Quebec and  
9 Halifax and became the first ship to cross the Atlantic  
10 by steam other than by sail. After 1830, dredging of  
11 the St. Lawrence between Quebec and Montreal was begun,  
12 to improve these ports, to modernize this navigable  
13 route, which would remain the large artery for cir-  
14 culation from Quebec, the cradle of Canada. Up to  
15 Confederation, transportation by water was always the  
16 most important. However, with the appearance of the  
17 railway, we would then relegate to these ships its  
18 role of coastal steamer for the transportation of large  
19 bulk traffic or ocean transport to join our ports with  
20 foreign ports and transport the products of our  
21 international trade.

22 The twentieth century marked the opening of  
23 the St. Lawrence canal to a depth of fourteen feet,  
24 this canal would continue to serve for more than fifty  
25 years to come. The port of Montreal, which supplanted  
26 that of Quebec as a national port, and other ports  
27 began to appear, maritime ports opened up and the  
28 water route was increased in depth to take advantage  
29 of this. All port installations served to increase  
30 the industrial expansion of the province for its coastal  
and export shipments. It was during the period between







1  
2 1920 and 1940 that in the Montreal and Quebec ports in  
3 the St. Lawrence that we exported wheat from the  
4 Canadian prairies, newspaper from Quebec and we imported  
5 petroleum from South American and brought in coal  
6 and gypsum from the maritimes and products manufactured  
7 overseas. Since 1945 Quebec has known the greatest  
8 industrialization and expansional period of its history.  
9 The ports of Port Alfred, Havre St. Pierre, Seven Islands,  
10 Contre-cœur, Baie Comau and Port Cartier appeared  
11 along our coastal areas where millions of tons of  
12 minerals and manufactured products were handled. All  
13 these operations take place during the navigation  
14 season between April and December. The discovery of  
15 rich iron ore deposits has attracted many eyes on  
16 our natural resources. To remove them from these  
17 remote areas towards the mills and refineries, we have  
18 constructed railways, new port installations and began  
19 the St. Lawrence Seaway project. In 1957 the province  
20 of Quebec had 19 commercial ports which had an annual  
21 tonnage of more than 100,000 tons of cargo. To look  
22 back a few years permits us to realize the remarkable  
23 growth of our maritime commerce. Quebec ports in  
24 1952 - 1954 handled 25 per cent of the foreign  
25 tonnage into Canada and in 1957 this percentage increased  
26 to 32 per cent. If we examine now the Canadian domestic  
27 tonnage, the tonnage transported between Canadian ports,  
28 we realize that the Quebec ports in 1952 - 1954 handled  
29 23 per cent of the total traffic in Canada. In 1957  
30 this percentage had passed above 31 per cent. Soon it





1  
2 was noted that two steel processing plants had located  
3 themselves on the borders between Sorel and Montreal  
4 and new docks were constructed. However, the only way  
5 to solve this problem for the maximum use of our ports  
6 with this new seaway is to reduce the closed season to  
7 navigation. That our navigable waters and principal  
8 ports are closed to navigation between three and four  
9 months each winter, hinders the economic development  
10 of the province and this country. We must accumulate  
11 considerable stock to bridge the gap between December  
12 and April, pay large insurance premiums, lay off  
13 hundreds of longshoremen and skilled workers of all  
14 types. It is a period of necessary inactivity. They  
15 must stop and it will certainly be for the ports more  
16 to the west, certainly Sorel and Montreal, where this  
17 period of inactivity, which we do not ignore but  
18 which will require different techniques to eliminate.  
19 Winter navigation is the answer.

20 Winter navigation is not something new. For  
21 more than thirty years we have been utilizing the  
22 port of Pointe au Pic to expedite cargos from these  
23 ports to Cote Nord. For a long time coastal steamers  
24 have taken chances, that is to say, have accomplished  
25 the winter trip between the two ports in the estuary.  
26 However, during the second part of the twentieth  
27 century, with the more efficient methods placed at  
28 our disposition, such as instruments of navigation and  
29 perfected signals, and the presence of modern ice  
30 breakers and aerial patrols, winter navigation on the  
St. Lawrence is not now impossible.







1  
2           The port of Quebec has received a great deal  
3 of publicity during the course of the last three  
4 winters since it is situated more to the interior than  
5 all the other ports of the province which are located  
6 along the rivers of the Gulf and the estuary of the  
7 St. Lawrence and from other parts the most difficult to  
8 attain. In the last three years we have completed  
9 trials with the "D'Vora" - during the course of the  
10 winter of 1957 - 1958, and with smaller steamers the  
11 following year, pressed the arrival of the first ocean  
12 ship, the "Helga Dan", and the establishment of a regular  
13 ocean line and winter transportation in 1959 - 60, we  
14 have proven that winter navigation is an accomplished  
15 fact. Economists and geographers have calculated the  
16 tonnages which can be carried during a typical winter,  
17 not only in the port of Quebec, but in all the other  
18 ports of the estuary and the gulf, namely Pointe au  
19 Pic, Forestville, Baie Comeau and Seven Islands on the  
20 north side and Rimouski, Pointe au Fere on the south  
21 side. This adds up to many thousands of tons of cargo  
22 which would bring economic savings to the Quebec con-  
23 sumers and additional revenue to a great number of  
24 persons and enterprises. These regions are not  
25 entirely cut off from water. To the contrary, it is  
26 a new sort of activity which will accelerate their  
27 development. Already this winter we have extended the  
28 regular shipping season by a few weeks which was  
29 measured by an increase in traffic. As an example,  
30 the Canadian ship "Eskimo" reached Three Rivers in  
January, 1960. However, it is very evident and an







1  
2 accomplished fact that we must face progress and go  
3 with it as sooner or later for those who oppose this  
4 progress it would mean to remain behind and perish  
5 by being forgotten. Our ports should remain open for  
6 twelve months of the year and this has become necessary  
7 for the economic development for the eastern portion  
8 of our province in order to reduce the cost of trans-  
9 portation which will profit thousands of Canadian  
10 shippers and receivers. The government of this province  
11 supports the promoters of navigation twelve months of  
12 the year in our ports and in our navigable waters.

13 AIR TRANSPORT SERVICES AND THE ECONOMIC DEVELOPMENT OF  
14 QUEBEC:

15 We do not have to go very far into the past  
16 to note that commercial aviation has taken great  
17 strides since the end of the Second World War. The  
18 war has left us with military airports of which we have  
19 closed a few, and others have been transformed into  
20 civil aerodromes and the Canadian network has been  
21 established.

22 We have not spoiled the residents of Quebec  
23 City. However, metropolitan Montreal has always been  
24 well served, being the eastern terminal of T. C. A.  
25 From Montreal we could reach the capitals of the  
26 Atlantic provinces. A few years ago, by an exchange  
27 of franchise, Trans-Canada stretched its transcontin-  
28 ental route from Montreal to Quebec, Chicoutimi to  
29 Seven Islands. The company, Quebec Air, which was  
30 for some time confined to the region of the lower  
St. Lawrence and to Cote Nord, is barely starting to





1  
2 extend its network to the principal cities of our  
3 province. We have other commercial companies who  
4 offer an aerial service from Montreal, Quebec, Mont Joli,  
5 Seven Islands, Matane, as a base of operation, for  
6 example, and who join our principal cities to remote  
7 outposts at Ungava and northern Quebec.

8 There are many contrasts in aerial trans-  
9 portation and we find that in Quebec. In Montreal we  
10 have the official seat of IACO and IATA (The Inter-  
11 nation Association of Aerial Transportation); on the  
12 other part we have very good airports and modern  
13 terminals in operation, specifically at Quebec and  
14 Rimouski. We do not mention the terminal of Dorval  
15 which has been the first of this modern type and where  
16 we have neglected the good habit of placing French  
17 inscriptions; however, the present terminal in use is  
18 in the shadow of the new terminal, which after five  
19 years of work, has no definite date for its opening  
20 or whether it will or will not contain a cocktail bar.  
21 This latter problem can easily be solved. However, the  
22 problem of languages, we do hope that they will respect  
23 the French language in the notices that are affixed in  
24 the new terminal at Dorval. An example of this is today's  
25 simultaneous translations. Elsewhere the federal govern-  
26 ment is constructing new airports in and around medium  
27 sized cities. This is more than necessary.

28 Our province, which is the largest in Canada,  
29 certainly needs a well organized aerial service and the  
30 base of this organization should have an excellent  
aerodrome.







1  
2 CONCLUSION:

3 In reviewing the role that has been played  
4 by the four large modes of commercial transportation  
5 in the economic development of Quebec, we hope,  
6 Mr. Commissioners, to have given you an idea of the  
7 problems which are applicable to Quebec. We believe  
8 that competition should continue between the various  
9 types of transportation, but not a monopoly of one  
10 over the other, is necessary to maintain reasonable  
11 tariffs and rates favourable to the shipper and to the  
12 receiver; and a better method of co-ordination of the  
13 operations and services is most desirable, in order  
14 that the existing services might and should better  
15 themselves. We hope, as we stated in the beginning  
16 of this brief, that at a later date we will present a  
17 final brief from the province of Quebec.

18 Before concluding, may I tell you what in  
19 my view justifies a radical change in the railway  
20 policy of the province of Quebec. I am quite sure  
21 you all know that the province of Quebec is at present  
22 going through a very intensive industrialization, and,  
23 as Minister of Hydraulic Resources, I would like to  
24 convey to you gentlemen a very brief picture of the  
25 state of our natural resources. We are, of course,  
26 in agreement with other authorities when they speak  
27 of developments in the far north, and this certainly  
28 would be a wonderful thing for the country as a whole,  
29 but we have our own far north in this province and  
30 we have passed the experimental stage. We are right  
at the doorstep of a tremendous development.





1  
2 Without going into details, a summary study  
3 of the natural resources - mineral, forest and hydraulic  
4 resources - has brought to me this conviction that I  
5 would like to pass over to this Commission, that we  
6 are and will be in a great essential need of new  
7 railways. As I have stated before in the brief,  
8 private enterprise has built, without subsidies of any  
9 kind from either the federal or provincial sources,  
10 railroads of a mileage in excess of 550 miles on the  
11 north shore running from Schefferville to Seven Islands  
and from Gagnonville to Port Cartier.

12 There are needs for new railroads. May I  
13 here, without revealing things that a minister should  
14 not reveal except after they have been properly autho-  
15 rized, may I reveal too that at Ungava Bay and Hudson and  
16 James Bay on the west side - and these figures were re-  
17 leased on a previous occasion by the minister of  
18 hydraulic resources -- they both have at least a minimum  
19 of 10 million horsepower which are there available to  
20 mineral and to iron ore, which has been calculated at  
21 at least 13 billion tons, especially Ungava Bay on the  
22 east side and James bay and Hudson bay on the west side.  
23 It is to my personal knowledge that at least six com-  
24 panies are at the planning, and very advanced planning  
stage of bringing into operation projects ranging from  
\$125 million to \$300 million.

25 This will convey to you, gentlemen, the  
26 scope of our preoccupation about railways. We are  
27 not asking the federal government nor the railways to  
28 come and compete or try to kill an industry that is  
29  
30







1  
2 also very vital for our needs, the industry of truck-  
3 ing. But, we want a railroad where trucking is not  
4 economic, where trucking is impossible -- on the north  
5 shore, especially -- towards James bay on the west and  
6 Ungava bay eastward. We are asking the railways and  
7 the federal government to re-establish a little more  
8 justice in the distribution of railway facilities so  
9 that we may be in a position to tap our natural  
resources.

10 This will not only to the advantage of Quebec,  
11 but, if Quebec is prosperous, then Canada is so much  
12 the more prosperous.

13 May I be permitted in closing to thank you  
14 for coming, to have listened to us and we certainly  
15 wish you all the success possible in the realization  
16 of a difficult task and that your conclusions will be  
of primary importance to Canada.

17 Gentlemen, I wish to thank you most cordially  
18 for your very kind and considerate attention. I do  
19 hope that you realize the predicament in which I have  
20 been put at the very last moment, but, having met you  
21 and having met your personnel, and having met counsel  
22 for the provinces and other parties interested in  
23 this problem, it has given me a great opportunity of  
24 meeting men who are trying to find a solution to one  
25 of the major developments in Quebec, and I have  
26 confidence we will be treated with justice and fair-  
27 ness to the advantage of Quebec and Canada as a whole.  
28 I thank you, gentlemen, for your very considerate  
attention.







1  
2 THE CHAIRMAN: Thank you very much,  
3 Mr. Johnson. I think this is a very excellent prelimin-  
4 ary statement, and if it is a sample of what we are  
5 going to get later, then we have something to look for-  
6 ward to. There has been a new approach and there have  
7 been new ideas, and we thank lyou very much for the  
8 manner in which you presented it; it was very well done.  
9 I know I speak for all the Commission in that regard.

10 Now, your wish is that you be not cross-  
11 examined, and I am sure that will be respected by  
12 the Commission, but there may be certain matters for  
13 clarification.

14 MR. DROIN: Although, Mr. Chairman, I would  
15 like anybody here in the hall, who wishes to cross-  
16 examine Mr. John ---

17 THE CHAIRMAN: Oh, I know, but at the same  
18 time I am going to ask Mr. Cumming if he has anything  
19 to say.

20 MR. CUMMING: Mr. Chairman, as Mr. Johnson  
21 and Mr. Droin have indicated, this is a preliminary  
22 brief and one, if I may say so, which presents a very  
23 clear and historical view of transportation in Quebec.  
24 I understand we will be receiving a further statement  
25 at a later date, and in light of that, I will reserve  
26 any questions I have until that time.

27 MR. HUME: Mr. Chairman, I too will reserve  
28 any cross-examination I may have until the later time,  
29 but, having seen the brief for the first time last  
30 night, and being under some difficulty in reading it  
in French, I was most interested to hear the translation





1  
2 on this excellent system, and I wondered if Mr. Johnson  
3 would, for clarification purposes, just correct me if  
4 my review of that portion of his brief dealing with  
5 the truck transportation is wrong. May I ask him one  
6 point about it?

7 Mr. Johnson, my name is Fred Hume and I  
8 represent the Canadian Trucking Associations. Do I  
9 properly interpret your brief that it is the view of  
10 Quebec that whatever is recommended by this Royal  
11 Commission to solve the many problems, that the truck  
12 operations and bus operations must be free to compete  
13 and carry on and develop as you have so clearly  
14 indicated they have done in the past?

15 MR. JOHNSON: Mr. Hume, I will gladly clarify  
16 that for you. This is not a loaded question. It is  
17 on a subject about which I am sure I know the views  
18 of the Hon. Rivard. As we see it, if trucking was  
19 boosting the price of any products, we feel that truck-  
20 ing should disappear at that particular stage or place.  
21 In other words, our whole problem is to have trucks  
22 where trucks are more economical to operate, and have  
23 railways where railways are more economic to operate,  
24 and in light of that principle, the trucking industry  
25 has been and will be protected in this province, and  
26 we hope that where trucks cannot have access, and  
27 where trucks are not economic, that we will have the  
28 railways. The venture of Cartier Mining from Gagnonville  
29 to Port Cartier - this railroad of 197 miles - I am sure  
30 if it had been economic for this company to transport  
its ore from that point to Port Cartier on the Gulf of







1  
2 St. Lawrence, they would have asked us to have built  
3 a proper road for trucking, had they thought they  
4 could save one dollar or even fifty cents a ton. This  
5 is an instance where a railroad is so necessary that  
6 private enterprise built it at its very own cost and  
7 risk, and there are many other situations similar to  
8 that coming up in Quebec towards James bay and Ungava  
9 bay. I think trucks will be by-passed and your msrket  
10 will take over from railroads in the distant future.  
11 I hope it is distant for the railroads, but I hope it  
12 is soon for the economy of the province and the country.

13 MR. HUME: Thank you. I have one more question  
14 to ask you, and if you prefer to defer the answer ---

15 THE CHAIRMAN: If it would wished by  
16 Mr. Johnson to reserve the answer, he may do so.

17 MR. HUME: Yes, Mr. Chairman, and because  
18 of the interest of this Commission in the matter of  
19 truck rates, as we have seen throughout Canada, and  
20 because I know Mr. Johnson has considerable knowledge  
21 of this matter, to assist the Commission, isn't it  
22 correct that in this province truck rates are filed  
23 with your regulatory authority, and that they may not  
24 be varied without permission of that authority?

25 MR. JOHNSON: I think it is stated some-  
26 where in the brief that we were one of the first  
27 provinces, right next, possibly, to British Columbia,  
28 to require our truckers to file their rates, and this  
29 is a loaw, this is a regulation that they should not  
30 violate. To what extent they do, this is another  
situation.





1  
2 MR. HUME: I would not want to get into that.  
3 Having filed their rates, do I understand -- because  
4 the systems all vary -- that the rates are filed by the  
5 truckers and not set by the province?

6 MR. JOHNSON: Well, in our final brief -- and  
7 I am in a position, gentlemen, where I have to distin-  
8 guish between my official knowledge and my unofficial  
9 knowledge. From my official knowledge, I would say  
10 No, and I would prefer to leave this question to be  
11 answered and treated more fully in the final brief.

12 MR. HUME: Thank you, Mr. Johnson.

13 MR. FRAWLEY: (interpretation) Mr. Chairman,  
14 I have a special reason for speaking a few words in  
15 French today: It is because I am of Irish-Canadian  
16 origin and I find myself here in Quebec on St. Patrick's  
17 Day. Another excuse to which I must confess is that I  
18 am married to a French-Canadian, and my son studies  
19 in French and speaks French almost as well as his  
20 mother.

21 Mr. Chairman, in the name of the province of  
22 Alberta, which I represent here this morning, I would  
23 like to congratulate the province of Quebec on the  
24 presentation of this excellent brief, and I am glad  
25 it is no longer silent on the question of railroad rates.  
26 We hope we shall hear its voice more often in the  
27 future. I have no questions, Mr. Chairman.

28 THE CHAIRMAN: Thank you, Mr. Frawley, and  
29 if anyone doubts Mr. Frawley is Irish, he should have  
30 been with the Commission during the last five months;  
he has proved it on more than one occasion.

MR. DOHERTY: I have no questions,  
Mr. Chairman.







1  
2 THE CHAIRMAN: Mr. Macdougall?

3 MR. MACDOUGALL: Mr. Chairman, we have no  
4 questions for the Hon. Mr. Johnson.

5 I would like, on behalf of Canadian National,  
6 to congratulate the government on the excellence of  
7 the brief that they have presented.

8 I would like to present, if I may, two of  
9 my colleagues, Mr. Gustav Garneau, Q.C., and  
10 Mr. Edouard Anger of Montreal.

11 MR. GADBOIS: I regret, Mr. Chairman, that there  
12 is no one to introduce me. My name is Gadbois.

13 Mr. Chairman, I also regret that I find myself  
14 in the position, although I would like to join in the  
15 chorus with the others with my congratulations to  
16 Mr. Johnson in his able presentation, and although I  
17 feel personally that Mr. Johnson has very well presented  
18 the brief, I still find that the brief which has been  
19 submitted is one which warrants a lot of cross-examination  
20 on my part. I understand, Mr. Chairman, that the situ-  
21 ation is a difficult one, especially for Mr. Johnson,  
22 to whom I want to be fair. The Hon. Mr. Johnson has  
23 had short notice to appear before this Commission. I  
24 realize that he has not prepared the brief and that he  
25 probably has not had the opportunity of sitting in on  
26 the preparations of the brief, and that I am prepared  
27 to take into consideration during the course of my  
28 cross-examination if I am allowed to cross-examine.

29 Now, I am informed, Mr. Chairman, that we are  
30 facing now a situation with which the Commission had to  
tangle in Toronto, where, I understand - I was not present







1  
2 and my knowledge is purely hearsay -- I understand  
3 that the province of Ontario also presented a brief and  
4 that they requested permission not to be cross-examined  
5 and to hold the cross-examination of their witness  
6 until the final presentation --

7 THE CHAIRMAN: No, that is not quite correct.  
8 In Ontario Mr. Frost, Mr. Gathercole and Professor  
9 Macdougall appeared. Mr. Frost introduced the subject  
10 and Mr. Gathercole who is the economist, and Mr. Macdougall  
11 were subjected to all the cross-examination that could  
12 be given them.

13 MR. GADBOIS: Didn't that cross-examination  
14 take place after a ruling of your Commission that there  
15 would be cross-examination?

16 THE CHAIRMAN: It was never requested other-  
17 wise. The only request made by Mr. Frost was that he  
18 be not cross-examined on detail, the same attitude  
19 that Mr. Johnson is taking here. I have been a minister  
20 of the crown myself and I know that you have to have  
21 workmen who know the technical end of this subject, and  
22 the minister, I am sure, will be glad to clarify it  
23 but not to go into detail in cross-examination.

24 MR. GADBOIS: Well, Mr. Chairman, may I submit  
25 --

26 THE CHAIRMAN: But you ask your questions and  
27 then we will see whether we will let you ask them or  
28 not.

29 MR. GADBOIS: Well, if you want to proceed  
30 this way, but it may prove longer rather than if you  
31 settle it once and for all.





1  
2 THE CHAIRMAN: What is your objection?

3 MR. GADBOIS: I want to proceed with the  
4 regular cross-examination of Mr. Johnson on the brief  
5 that he has presented on behalf of the province of  
6 Quebec.

7 THE CHAIRMAN: Well, you ask your questions  
8 and then we will rule whether or not they should be  
9 answered.

10 MR. DROIN: We started off, Mr. Chairman, with  
11 the understanding that Mr. Johnson was pinch-hitting  
12 for Mr. Rivard.

13 THE CHAIRMAN: Yes. The Commission is not going  
14 to embarrass Mr. Johnson.

15 MR. DROIN: Mr. Johnson just read this brief  
16 this morning which was prepared in co-operation with  
17 Mr. Rivard and myself. Now, is it fair to subject  
18 Mr. Johnson to cross-examination? I am putting that to  
19 the Commission.

20 THE CHAIRMAN: Let him ask the questions and  
21 we will rule.

22 MR. DROIN: Very well.

23 CROSS-EXAMINATION BY MR. GADBOIS:

24 Q. Mr. Johnson, the task which you fulfilled  
25 so brilliantly this morning in the name of the province  
26 of Quebec is one in which reference is made to the  
27 fact that the province of Quebec was, in the past, neg-  
28 lected by both railway companies as compared to other  
29 provinces, and that the province of Ontario, for example,  
30 has more lines of railways, and that is a fact mentioned







1  
2 in the brief this morning. I merely ask the question:  
3 Is this a fact stated in your brief?

4 A. Yes.

5 Q. And do I understand correctly that you are  
6 not responsible for preparing the brief?

7 THE CHAIRMAN: Mr. Gadbois, I assume that the  
8 brief was just stating a fact.

9 MR. GADBOIS: Well, I want to know if he is  
10 aware that he said these things, if he has any personal  
11 knowledge or if he just read them from the brief without  
12 any personal knowledge.

13 MR. JOHNSON: Mr. Chairman, I think these  
14 questions are most useless. It has been put very clearly  
15 to this Commission that I have not prepared the brief.  
16 I understand that references are given to sources of  
17 statistics used in our submission, and I have not  
18 checked into those figures, and if this were the only  
19 evidence we had to condemn, frankly and bluntly, the  
20 railroads all across Canada, that would be considered  
21 very weak evidence, I am sure.

22 MR. GADBOIS: Mr. Chairman, realizing the  
23 difficult position in which the Hon. Mr. Johnson is here,  
24 I just want to ask him questions. That was a preliminary  
25 question to find out to what extent he knew anything  
26 about these statistics, and so on.

27 MR. DROIN: I would say this, Mr. Chairman,  
28 that those figures given in the brief, memorandum, we  
29 have presented to the Board have been checked and are  
30 authentic, and if my learned friend wishes to cross-  
examine on those figures in Ottawa, we will have everybody





1  
2 who made the necessary researches. Is that sufficient?

3 MR. GADBOIS: Q. Now, Mr. Johnson, is it not  
4 true that during the pre-war period, the last war, the  
5 north shore only had fishing villages?

6 A. Actually, sir, we are winding up a session  
7 and we know what opposition is. If I understand the  
8 question, it is: Wasn't it true that before the Second  
9 World War the north shore, the east and the north end  
10 of the province, which extends 800 miles from Quebec City  
11 eastward, was only made up of small villages? True.  
12 But if I may state a personal experience - and this is  
13 where I have drawn the line between my personal knowledge  
14 and my knowledge as a minister - before entering politics  
15 I had one of those experiences which I think is most  
16 typical. I was, as a lawyer - and I am giving this example  
17 without giving names; I don't think I should. If  
18 Mr. Gadbois insists, I will - negotiating for a client  
19 of our firm with a railroad company. Not only did we  
20 have to beg but we had to guarantee and double guarantee  
21 and get the government of the province of Quebec to  
22 guarantee minimum transport, and from that day on I have  
23 conceived the intention of doing my very best to get the  
24 railroads to come in before and not after. We have, as  
25 I have stated there in the example, Cartier Mining, and  
26 the example of iron ore from Scheffreville is a perfect  
27 example of how, if the railways, the governments, provin-  
28 cial and federal, had gotten together and studied what  
29 was best for the country, we would have had railroads  
30 before, we would have had natural resources before, and  
this country and this province would have developed before.







1  
2 Q. May I put another question? Is it not  
3 true that the east and north shore of the province of  
4 Quebec during the period before the last war consisted  
5 only of fishing villages?

6 A. It was made up of fishing villages, but  
7 it was made up of the same natural resources which are  
8 there.

9 Q. Is it not true that the natural resources  
10 to which you are referring, the natural resources which  
11 exist in this area which we call new Quebec, were not  
12 being exploited, used? It is only since the last war  
13 that advantage has been taken of the natural resources  
14 in new Quebec.

15 MR. DROIN: I wonder if this is of importance  
16 to the Commission.

17 THE CHAIRMAN: I would think that all of these  
18 questions, Mr. Gadbois - we don't want to cut down  
19 cross-examination at all, but all of these questions  
20 will be dealt with in Ottawa when the final brief is  
21 brought in.

22 I may say this to you, that there is this  
23 difference between Quebec and Ontario, that in Ontario  
24 it is doubtful whether they are putting a final brief  
25 in in Ottawa. They so told us. They simply wanted the  
26 right to put it in, but they put their main brief in  
27 in Toronto. But with Quebec your main brief and your  
28 experts are going to give the evidence in Ottawa.

29 MR. GADBOIS: May I make a submission,  
30 Mr. Chairman?

THE CHAIRMAN: Yes.







1  
2 MR. GADBOIS: My submission as to the relevancy  
3 or the irrelevancy of the questions which I am now  
4 asking is that the Hon. Mr. Johnson has read a brief in  
5 which criticism is voiced against what I should term  
6 the lack of rail mileage in this part of the country.  
7 I am now intending to examine Mr. Johnson on those  
8 points, taking region by region, to determine whether  
9 there was any failure on the part of the railway to  
10 build more mileages, and if there was failure, what  
11 were the reasons therefor. Mr. Johnson, both personally  
12 and in his capacity as a minister of this province,  
13 is well acquainted with the economic conditions which  
14 prevailed and which now prevail in the province of  
15 Quebec, and I am sure that in the circumstances  
16 Mr. Johnson is fully qualified to answer my questions.

17 THE CHAIRMAN: What are your other questions?

18 MR. DROIN: Outside of fishing villages and  
19 north shore.

20 MR. GADBOIS: There are more than fishing  
21 villages. There is the question of rail mileages.

22 MR. DROIN: Get out of the fishing and put  
23 questions.

24 MR. GADBOIS: Q. You have told us what develop-  
25 ment occurred after the war in that region, and then  
26 you have told us that there are now two privately built  
27 railways in that area. So do you consider that it is  
28 now adequately served by private or other railway  
29 companies at the present time?

30 A. It is adequately served for the purposes  
of the specific companies. I don't know which one, but





1  
2 one of them is a public carrier, as you know. Of  
3 course, we may discuss certain statements which have been  
4 made here by distinguished counsel for the Canadian  
5 Pacific railway, whom I have the honour to know for a  
6 number of years and whom I love to cross swords with  
7 in other capacities than this one. But being restricted  
8 by my mandate, I don't think I should enter into a long  
9 discussion in this field.

10 But I would like to repeat, sir, that the  
11 province, through the Minister of Transport, whose  
12 responsibility it is to study these things, will submit  
13 a brief on what is going on at this moment. I am going  
14 to beg from my colleague that I be allowed to be there  
15 in Ottawa when it comes.

16 MR. GADBOIS: We will be pleased to see you  
17 there, Mr. Johnson.

18 Q. Mr. Johnson, is it your knowledge that  
19 it is served by railways?

20 MR. DROIN: Mr. Chairman, I do not think that  
21 we should enter into details, statistics, with the  
22 Hon. Johnson.

23 THE CHAIRMAN: Well, Mr. Droin, the Commission  
24 has a staff itself in Ottawa, and we will very carefully  
25 look at what parts of Canada are being served and  
26 otherwise by the railways. So I don't think that is  
27 very much help to the Commission, Mr. Gadbois.

28 MR. GADBOIS: Well, Mr. Chairman, I do not wish  
29 to take any more of the Commission's time than is  
30 necessary, but here is a witness who has come and read  
a submission in which he is complaining of a certain state







1  
2 of facts. I submit that I am entitled, both in equity  
3 and in law, to cross-examine on the facts which he  
4 alleges. I am asking him a question: Is that part  
5 of the province of Quebec which is known as the Eastern  
6 Townships served by railways? I want to find out what  
7 parts are not properly served, because that has not  
8 been -- the witness has made certain suggestions in his  
9 brief as to some lines of railways, and I will come to  
10 that, but that is the first point I wish to make in  
cross-examination.

11 MR. DROIN: Mr. Chairman, I want to make this  
12 point. Mr. Johnson has been quite brilliant. He went  
13 off the brief to expound certain ideas, but I want to  
14 make it clear that, as Mr. Johnson has said, we will be  
15 glad to be subjected to cross-examination in Ottawa, and  
16 I would like Mr. Johnson to cross swords with my friend,  
Mr. Gadbois.

17 MR. GADBOIS: It won't be the first time. It  
18 will be always a pleasure. But I don't want to cross  
19 swords. What I want to get is answers from Mr. Johnson  
20 now and not wait till Ottawa.

21 MR. DROIN: Why?

22 MR. GADBOIS: Because a submission has been  
23 presented today by Mr. Johnson.

24 THE CHAIRMAN: What is worrying you, Mr. Gadbois?  
25 We can't understand just what worries you in the brief.

26 MR. GADBOIS: I want to get the whys and  
27 wherefores of some of the facts which have been presented  
in this submission.

28 THE CHAIRMAN: Well, Mr. Gadbois, we are going  
29  
30





1  
2 to be here only three days, and I understand that with  
3 all the facts that are in this brief you may keep us  
4 on this brief for three days.

5 MR. GADBOIS: I have no intention of doing  
6 that, Mr. Chairman.

7 THE CHAIRMAN: Well, the way you have started,  
8 we are a bit suspicious.

9 MR. GADBOIS: But you must admit, Mr. Chairman,  
10 that we have had long speeches and objections which  
11 were not all mine.

12 THE CHAIRMAN: Well, we don't want in any way  
13 to interfere with the freedom, the democratic way of  
14 doing things, but we do want to be realists and be  
15 sensible in this thing. I don't want you to ask questions  
16 merely for the purpose of asking questions.

17 MR. GADBOIS: Mr. Chairman, I want to afford  
18 you my fullest co-operation, and I can assure you I am  
19 not here to ask questions just for the fun of it. But  
20 a submission has been filed, and you have had several  
21 filed before this Commission and the witnesses have all  
22 been cross-examined as to the facts raised in their sub-  
23 missions. Counsel have cross-examined to find out the  
24 whys and wherefores. Why should I be not allowed?

25 THE CHAIRMAN: The questions directed to  
26 Mr. Frost in Ontario were merely for clarification, and  
27 then the technical questions were directed to his experts,  
28 Mr. Gathercole and Mr. Macdougall.

29 MR. GADBOIS: Are the experts of the province  
30 of Quebec here to be cross-examined?

THE CHAIRMAN: Not today. You will have every







1  
2 opportunity to cross-examine them in Ottawa.

3 MR. GADBOIS: But I don't know what stand  
4 the province of Quebec takes.

5 THE CHAIRMAN: You have a very good idea of  
6 what stand it takes.

7 MR. GADBOIS: I am in difficulty. In Toronto  
8 in the preliminary questions there were general questions  
9 asked of Mr. Frost. I understand that, and I would limit  
my cross-examination.

10 THE CHAIRMAN: Put your questions, and if  
11 Mr. Johnson wants to reserve his answers, he can.

12 MR. GADBOIS: Well, I think I asked a question  
13 about the Eastern Townships, if they are served by rail-  
14 ways.

15 MR. JOHNSON: Mr. Chairman, I am just wondering  
16 if my learned confrere - and I would speak as a lawyer  
17 on this - is trying to take this Commission and myself  
18 for a ride, with the kind of cross-examination that you  
19 hear in a municipal court: Is it to your knowledge that  
20 there are railway lines in the Eastern Townships? If  
21 that is the kind of cross-examination, I don't know.  
22 I might spend a month answering that kind of question,  
but I don't think we would get anywhere.

23 THE CHAIRMAN: I think the Commission knows  
24 that there are railways in the Eastern Townships.  
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2 MR. JOHNSON: On page 15. I would like to  
3 show you how prudent we have been in expounding our  
4 views. Maybe it would be our responsibility to study  
5 more seriously the question, and maybe the railway  
6 companies should also examine whether it would not  
7 be advantageous to prolong or present system by additional  
8 lines. This is put as a "maybe". Maybe the government  
9 should. We make this reservation that when the final  
10 report comes in we will examine it with the greatest  
11 care to make sure we do not offend anyone and throw blanket  
12 accusations against the railroads. The government rep-  
13 resents the people, and it is my knowledge as a minister  
14 and my knowledge as a member of the government and of a  
15 party that in the province of Quebec, rightly or wrongly,  
16 there is a consensus that this province has not had a  
17 proper deal. I am just voicing what we know is the  
18 opinion of the people, and we will try to substantiate  
19 this or not substantiate it by the words of the experts,  
20 which will be put into the submission.

21 THE CHAIRMAN: I think the question was  
22 whether or not there were railways in the Eastern Town-  
23 ships, and the answer is yes.

24 MR. GADBOIS: The answer was a little longer  
25 than the way you put it, Mr. Chairman.

26 THE CHAIRMAN: What was the answer?

27 MR. GADBOIS: Mr. Johnson, in the brief of  
28 the province of Quebec there is mention of the piggyback  
29 services introduced by the railway companies. You  
30 express doubts about the use of these piggyback services  
by the truckers. To your knowledge, have the piggyback





1  
2 services existed in the western provinces of Canada for  
3 a number of years?

4 MR. JOHNSON: To answer as a minister, I have  
5 no knowledge of that.

6 THE CHAIRMAN: Are you an expert on piggybacks?

7 MR. JOHNSON: Not yet, sir.

8 MR. GADBOIS: Q. Has the piggyback service  
9 existed for a number of years in the United States?

10 A. As Minister of Economic Resources, it is  
11 not the knowledge of the person speaking to you, neither  
12 the knowledge of any of my officers in the Department of  
13 Economic Resources, that the piggyback has been function-  
14 ing in the United States for X number of years.

15 Q. You know there is a transport problem --

16 MR. DROIN: I wonder whether the Minister  
17 should be subjected to a cross-examination of this sort  
18 at this time?

19 MR. GADBOIS: I am asking him if he knows there  
20 is a transport problem in the province of Quebec.

21 MR. DROIN: Are you supposed to ask the minister  
22 whether he knows the law, whether he knows the section  
23 of the law? I do not think that is fair. This will be  
24 interminable.

25 I said at the outset that  
26 Mr. Johnson was reading a brief prepared by Mr. Rivard,  
27 who is sick. I made a point at that time that he should  
28 not be cross-examined. He willingly answered a few  
29 questions from pinch-hitter Gadbois.

30 MR. GADBOIS: To pinch-hitter Johnson.

THE CHAIRMAN: I do not see any point in the







1  
2 one you have asked, frankly, Mr. Gadbois, because I  
3 do not think Mr. Johnson is an expert on piggyback. I  
4 think he knows, and we know, the railways are in the  
5 Eastern Townships.

6 MR. GADBOIS: A cabinet minister should know  
7 there is a transportation board in this province. As  
8 a minister of the crown, he should know.

9 MR. DROIN: The law is there. We have a law  
10 on transportation in this province. Mr. Gadbois should  
11 know what it is.

12 COMMISSIONER BALCH: Q. In the drawing up  
13 of this brief, did Mr. Rivard have his experts with  
14 him?

15 MR. DROIN: Yes.

16 COMMISSIONER BALCH: Could the experts be  
17 here to assist Mr. Johnson?

18 MR. DROIN: Available. But we made it quite  
19 clear that this was a preliminary brief. We will go to  
20 Ottawa with a brief of probably 200 or 300 pages. All  
21 our experts, the team that we formed five months ago,  
22 will be there to answer my friend's questions and any  
23 other questions, but at this time we did not think it  
24 was advisable to bring these people in. Otherwise it  
25 would have lasted two or three days.

26 COMMISSIONER BALCH: It would have been a dup-  
27 lication of what would take place in Ottawa?

28 MR. DROIN: That is right. Otherwise this  
29 could last seven days in Quebec, and we French people  
30 can really talk.

MR. GADBOIS: Being a French person, I would  
like to talk again. I would like to say that, if the





1  
2 province of Quebec felt that there should not be any  
3 cross-examination of their experts, and they did not  
4 bring their experts here today to be cross-examined,  
5 I wonder why they filed a brief today in the first  
6 place?

7 THE CHAIRMAN: We are not determining what  
8 is done. We are simply receiving representations and  
9 submissions that are made. We do not want to waste  
10 time. Since there will be ample opportunity to cross-  
11 examine the experts, you will have your field day, and  
12 that will be in Ottawa.

13 MR. GADBOIS: Is this a ruling?

14 THE CHAIRMAN: I think we will have to rule,  
15 Mr. Gadbois, or we will be here all day.

16 MR. JOHNSON: Mr. Chairman, may I at this  
17 point go on record with two things. Firstly, you will  
18 understand that we as a government have not had a great  
19 deal of experience in appearing before federal royal  
20 commissions. Therefore, I admit with the greatest ease  
21 that I have no personal knowledge of the way the proceed-  
22 ings run. I would like to thank you. I am very much  
23 impressed by the able chairman and members of the Board.  
24 Secondly, I would like to go on record to state that,  
25 if the Minister of Transport has decided to submit this  
26 brief, he is certainly prepared to back it up. With  
27 regard to the questions put by the attorney for the  
28 Canadian Pacific Railways, I would like to say that any  
29 statement made by me should not convey the impression that  
30 there is some personal animosity on the part of the govern-  
ment towards the Canadian railways in general or towards







1  
2 the Canadian Pacific in particular. I would like to say  
3 that there is no such thing. We as a government -- and  
4 it is our responsibility -- we as a government must see  
5 to it that our population is properly served, that our  
6 natural resources are properly developed, and we are  
7 trying, with men who have special knowledge in their  
8 field, to find the material for a final brief that  
9 will indicate, I hope, some way of speeding the economic  
10 development of this province. I thank you for your  
11 very kind attention, but I want to make clear, especi-  
12 ally on St. Patrick's Day, that I was not backing out  
of a fight.

13 THE CHAIRMAN: We understand that. My  
14 colleagues may want to ask some questions, but before  
15 I ask them I want to thank the government for having taken  
16 part in our hearings here today. I think it was a weak-  
17 ness in years past that the Commissions did not have  
18 the views of the province of Quebec, and we are delighted  
19 and honoured as a Commission that now we have represen-  
20 tations from Quebec, as well as from Ontario, for the  
21 first time. We are pleased that they have come into  
22 the comity of the provinces in so far as making represen-  
tations is concerned. We congratulate and thank them.

23 MR. DROIN: Mr. Chairman, we hope that your  
24 stay will be very enjoyable, and I thank the members  
25 of this Commission for the way they have borne with us  
in our transgressions and cross-examinations.

26 COMMISSIONER GOBEIL: It is a great pleasure  
27 to see you here, gentlemen. I should merely like to  
28 draw your attention to two points. The province has  
29  
30







1  
2 referred to the special rates, the Crow's Nest Pass  
3 rates. This problem was discussed in the west in  
4 particular. In the final brief to be presented by the  
5 province in Ottawa, it might be stated whether this  
6 point of view is still expressed in certain places,  
7 where it was inferred that these Crow's Nest Pass rates  
8 should be paid by the public which uses these services.  
9 In order to guide us and help the members of this  
10 Commission, I hope that the province will clarify its  
11 reference to these rates.

12 Another question in the report by the Hon.  
13 Mr. Rivard concerns the rates in the maritimes mainly.  
14 We should like to know whether the truckers in the Gaspé  
15 and the lower St. Lawrence were hurt by railway compet-  
16 ition because of the special rates granted in the mari-  
17 times. Would it not be right that comparable subsidies  
18 should be given for the trucking services? I think it  
19 would help the Commission if the province clarified this  
20 point in its final brief.

21 COMMISSIONER MANN: As the Chairman has already  
22 mentioned, we appreciate very much receiving the most  
23 helpful submission of the government of the province of  
24 Quebec. We are looking forward to the final brief which  
25 will elaborate on the general views expressed so far.  
26 Just to show you how helpful your submission has already been  
27 even in the preliminary stage, we had some discussion  
28 in Toronto yesterday during the presentation of a sub-  
29 mission by the Canadian Metal Mining Association on  
30 the apportionment of tonnages among the various modes  
of carriage, and there was a question as to the source  
of the figures. If my memory serves me rightly, you have





1  
2 already given an explanation of the source of the figure  
3 in dispute. Just for the record, I refer to page 28  
4 of your submission, where you state that the tonnage  
5 represents 46 per cent. This figure is attributed to  
6 Mr. Richardson, who was then the director of the division  
7 of the department, and it is shown in the magazine.  
8 Canadian Transportation, in the issue of December, 1959.

9 I just have one request. With regard to the  
10 first sentence at the top of page 39, I understand  
11 there is a report available on this matter. I wonder  
12 whether it would be possible for the government to  
13 furnish our director of research with a copy of that  
14 report?

15 MR. DROIN: Yes.

16 THE CHAIRMAN: Thank you very much, Mr. Johnson  
17 and Mr. Droin. We will now adjourn until 2 o'clock.

18 --- Luncheon adjournment.  
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1  
2 ---On commencing at 2.00 p.m.

3  
4 SUBMISSION OF  
5 CHAMBER OF COMMERCE OF THE GASPE REGION  
6

7 Appearances:

8 Mr. John F. Sheehan, President  
9  
10

11 MR. SHEEHAN: Mr. Chairman and Commissioners:  
12 The organization that is presenting this brief to you  
13 is the regional Chamber of Commerce, that is to say,  
14 a federation of Chambers of Commerce which comprises  
15 some eleven Chambers of Commerce and covers the southern  
16 part of Gaspé and Magdalen Islands, a territory which is  
17 composed of a population of 115,000 inhabitants.

18 We have communicated with all the Chambers of  
19 Commerce of this region to ask them to send us their  
20 comments on transportation. Every Chamber has replied.  
21 A special committee was then set up to study and  
22 classify these remarks by our different local Chambers.  
23 The result of this work is our present brief.

24 However, at the end of our brief, we are  
25 submitting the principal changes which our organization  
26 proposes in so far as methods of transportation are  
27 concerned and certain remedies which, to us, should be  
28 given study.

29 Since our region is very remote from the  
30 industrial centres of the province, the problem of





1  
2 transportation assumes very great importance to us  
3 and our population and it might suffer more than others  
4 that have been mentioned if a remedy is not found.

5 Our brief is divided into three parts, that  
6 is to say: 1. The questions relating to transportation  
7 of freight by rail; 2. questions relating to passengers  
8 by rail; 3. questions relative to other types of trans-  
9 portation.

10 1 - SECTION 1 - Questions Relating to Transportation of  
11 Freight by Rail:-

12 A question upon which everyone is unanimous  
13 is the cost of shipping small parcels, every Chamber  
14 complains bitterly about the rates and we maintain that  
15 the minimum of \$1.00 for express is too high. It  
16 has been brought to our attention that a parcel with  
17 the value of \$.80 could cost the sender \$1.00.

18 Another Chamber has brought to our attention  
19 the fact that bills for transportation of merchandise  
20 coming from Woodstock, London or Brantford, Ontario,  
21 cost much less by express in comparison to a similar  
22 parcel sent from Montreal to Gaspé. We sometimes  
23 wonder if this does not indicate a certain advantage  
24 in favour of Ontario, or is this related in fact  
25 that goods coming over a longer distance enjoy a cheaper  
26 rate than goods travelling a shorter distance.

27 In so far as the handling of goods in transit  
28 is concerned, most Chambers have advised us that  
29 merchandise arriving at destination is often received  
30 in a damaged condition. Many have brought this to our  
attention with regard to merchandise shipped by







1  
2 express, but others estimate that goods transported by  
3 freight receive a much rougher treatment. And a spokes-  
4 man for one of the Chambers has stated that damages to  
5 merchandise is often attributed to the way freight  
6 cars are handled; others attribute this to the negligence  
7 of the employees of the railways in the stations. Other  
8 localities do not complain too much about occasional  
9 accidents, but the near impossibility of recovery of  
10 loss because of the ill-will and negligence of the local  
11 employees.

12 In so far as freight rates are concerned, most  
13 of the Chambers are satisfied as long as Gaspé continues  
14 to benefit from, in the future, maritime freight rates,  
15 which is considered an absolute necessity to our own  
16 economy. Nevertheless, a Chamber is of the opinion  
17 that the freight rate from Montreal and from Quebec is  
18 too high and should be reduced.

19 In so far as freight rates for Gaspé are  
20 concerned, our Chamber would like to bring to your  
21 attention the two following examples:

22 (a) By way of a competitive rate, which seems  
23 to be related to sea ports, many localities with a  
24 further destination than from the point of origin seem  
25 to enjoy a lesser rate than the places which are closer.

26 For example, a car of cement destined to  
27 Perce would cost more than one destined to the Gaspé.  
28 Although this principle is applied to Gaspé, we believe  
29 that every locality derives benefit from this tariff  
30 which applies to Gaspé. We therefore ask that the  
rates charged between the intermediate localities and







1  
2 specifically between Matapedia and Gaspe should not  
3 exceed the rate from Gaspe or other intermediate stations.

4 (b) It has also been pointed out to us that the  
5 C. N. R. service could be more efficient by taking  
6 advantage of a special tariff, which is in existence  
7 for a given service; this would save the railway from  
8 losing many important transportation contracts. For  
9 example, an important shipper of fish, who had asked  
10 in April to be given a special tariff for a million and  
11 a quarter pounds of fish which was destined to a  
12 buyer in Maine, in the United States, did not receive the  
13 reply until the following winter; therefore he had lost  
14 his market because of a slow decision.  
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2 As regards delays in the delivery of freight,  
3 the regional chambers had many complaints and severe  
4 criticisms. On the other hand, after having studied the  
5 question, it does seem that many distinctions have  
6 been made and it is difficult to establish in which  
7 cases there are delays and why these delays occur.  
8 Here are some details.

9 First of all, there is general satisfaction  
10 with the carriers of freight by truck, by C. N. R.  
11 trucks from Campbellton to Paspébiac, both from the  
12 point of view of the regularity of the service and of  
13 the handling of parcels. We hope that the service may  
14 be extended as far as Chandler and that this matter  
15 will be studied seriously by the responsible authorities.

16 In order to illustrate what I have just said,  
17 I would like to say that at the present time, a daily  
18 regular service is maintained by C. N. R. freight  
19 trucks from Campbellton to Paspébiac, and it has been  
20 considered so regular, stable and satisfactory that most  
21 shippers or customers, let us say, would like to have it  
22 extended as far as Chandler, or even further. Such  
23 transportation -- and this remark applies to all trucking  
24 is necessarily subject to closure during that period of  
25 the year when the roads render travel by heavy vehicles  
26 impossible. Nevertheless, we are very much in favour  
27 of that service in Gaspé.

28 Secondly, in the Gaspé peninsula there is a  
29 train called the mixed train or convoy No. 102, which  
30 transports mail, express, freight by carload as well as  
passengers. Many comments have been made about this







1  
2 train and these comments have been submitted to our  
3 regional Chamber, but we understand, however, that the  
4 very variety of the services given by this convoy and  
5 the interdependence of these various services in order  
6 to maintain this particular form of train, that all  
7 this does create certain problems which are difficult to  
8 resolve. We shall merely mention the fact that in  
9 general the population seems to attach a great deal  
10 of importance to the scheduling of the train and to  
11 the punctuality of its arrivals and departures, partic-  
12 ularly since it is a train which transports mail and  
13 therefore all delays are deplored. On the other hand,  
14 the local railway authorities seem to have found that  
15 the delays do not so much arise in our area or, at  
16 least, such delays occur very seldom. The conclusion  
17 is that the Gaspé peninsula depends upon the arrival,  
18 the punctual arrival, in Matapédia of the trains from  
19 Montreal which are the Ocean Limited and the Scotian--  
20 Montreal and Quebec, I believe. We therefore would  
21 insist that every possible means should be used in order  
22 to avoid these delays of the trains running from  
23 Montreal to Matapédia during the night.

24 While these carload lots are on a mixed train  
25 which carries mail, express -- half passenger car and  
26 the other half baggage -- and some freight cars, neverthe-  
27 less the freight cars are entire load blocks. The car  
28 itself is merely detached from the train and left off at  
29 Chandler, which is one of the principal towns of Gaspé  
30 south, and at Gaspé, the destination. Therefore, in all  
fairness, we would like to say this. The train carries





1  
2 freight, but, being in carload lots, we would not nec-  
3 essarily consider it constituting an undue delay because  
4 of the fact that it carries freight. That train also  
5 carries mail.

6 One of the things that constitutes a subject  
7 of complaint is the carrying of the mail. However,  
8 where at first glance it appeared to us that the delays  
9 which happened in the delivery of mail on that train were  
10 fairly frequent, we have come to the conclusion that  
11 these delays in the delivery of mail in particular,  
12 and express and passengers also to a small extent --  
13 that these delays are caused not entirely but to a pre-  
14 ponderant extent by the delay in the arrival at Matapedia  
15 of the Scotian and the Ocean Limited. In other words,  
16 if some method could be found whereby the mail from  
17 Montreal, Quebec and points west would arrive by train  
18 at Matapedia, then our train, which normally gets in  
19 about half past ten from Matapedia, would manage to leave  
20 off these carload lots of freight and deliver this mail  
21 on time, and we would have the advantage which already  
22 exists of a stable, regular method, which appears to be  
23 preferable, for the handling of the mail, inasmuch as  
24 the train goes through every day, and quite possibly  
25 during the winter months the same could not be guaranteed  
26 if it were carried by truck.

27 As regards warehousing space available, the  
28 following comments were submitted in Chandler. The  
29 freight sheds are quite insufficient.

30 We are not attaching much importance to the







1  
2 composition of this brief; it is just the particular and  
3 specific facts which I think will prove of interest to  
4 you. I am quite sure that these problems will be relayed  
5 and in all justice and fairness to all concerned, we  
6 must acknowledge their anxiety to get solutions, and we are  
7 sure they will succeed in doing so in the long run.

8 At the New Richmond station, the side lines  
9 are claimed to be insufficient for the loading and  
10 unloading of goods. In order to avoid some of these  
11 disadvantages, several suggestions have been made that  
12 goods be transported or the goods should be carried by  
13 trucks as far as Chandler, and that this matter should  
be studied by the C. N. R. authorities.

14 SECTION 2. Questions Relating to Rail  
15 Passenger Services:

16 In general the Gaspé peninsula still has  
17 unsatisfactory passenger services, even though we must  
18 admit that considerable improvements have resulted from  
19 the establishment of the Dayliner service from Mata-  
pedia to Gaspé.

20 We realize that today, with the Dayliner  
21 service, a businessman can complete his day in the Gaspé  
22 peninsula; it enables him to get in at 5.30 in the  
23 evening after completing a day's work. He can catch the  
24 Ocean Limited at Matapédia and he will be in Montreal at  
25 7 o'clock in the morning, or else he can get on at  
26 Quebec at 8 o'clock. He can get on the train at Gaspé  
27 and the Dayliner will take him back to New Carlisle at  
28 11.00 a.m. In other words, you can go to Quebec and  
29 Montreal without losing a whole day's work.  
30







1  
2 If you are in New Carlisle or in the Gaspé, and  
3 you have business to do in Quebec or Montreal, you can  
4 do so and be back in the Gaspé at 11 o'clock next morning.  
5 Last week I went to Gaspé for a criminal action. The  
6 Judge was with me but did not want to take the risk and  
7 come home by car and he stayed from Thursday night until  
8 Sunday night because of the weather, while the Dayliner,  
9 of course, gave us an excellent service. That means that  
10 no one would like to go back to the old system. We  
11 have a daily service, and no one would wish to return  
12 to the time when we did not have it.

13 The main grievances voiced are those dealing  
14 with passenger services in the south of the Gaspé  
15 peninsula during peak time traffic, that is during  
16 holidays, the beginning or the end of the school year,  
17 at Christmas, at Easter time, and other such times  
18 of the year.

19 During these peak periods, trains No. 629 and  
20 630, that is those which are specially devoted to pass-  
21 enger services, do not have a sufficient number of  
22 coaches in order to accommodate all the passengers.  
23 That is why the travellers are quite congested and must  
24 stand for long periods of time. Quite often we have  
25 seen a mother with several small children who has had  
26 to stand for a number of hours. We have also been told  
27 that when a coach has to be replaced or additional  
28 coaches or cars have to be added to a train, the  
29 equipment used should be as good as the equipment that  
30 is normally used on the trains because those who travel  
during these periods otherwise have to suffer additional





1  
2 amounts of discomfort. During these holiday periods,  
3 there have been many complaints about the service in  
4 practically all the stations in the Gaspé peninsula;  
5 there is no one at the station to provide information  
6 and it is impossible to make reservations and also  
7 impossible to know at what time the arrival of trains  
8 may be expected.

9 Passengers for that reason sometimes have to  
10 wait several hours at the station without knowing whether  
11 it might not be better to return home in order to await  
12 the train which may have been delayed for a number of  
13 hours. All these comments are also applicable at  
14 other times of the year - for instance, on Sundays and  
15 feast days, because at practically every station between  
16 Matapédia and Gaspé, excepting only Chandler, New Carlisle  
17 and Gaspé, it is impossible to obtain information at  
18 times other than the actual train arrival times.

19 Unfavourable comments have been made about the  
20 fact that there is no stationmaster present at Carleton  
21 station on Sundays after 4 p.m. This is one of the  
22 things that have been brought to the attention of the  
23 C. N. R., and of course we all hope that they will see  
24 the light one day and will remedy this undesirable  
25 state of affairs. Very many passengers from Carleton,  
26 Maria, St-Omer and Nouvelle would be happy to be able  
27 to get information about the hour of arrival of the  
28 rail liner. They must then telephone to New Carlisle  
29 or to Matapédia which is both costly and annoying for  
30 them to have to do. About a hundred miles of railway  
do not have any stationmaster after 4 p.m. on Sundays.







1  
2 In many other places the situation is still  
3 worse because there is not even any telephone close  
4 to the station and in order to make a call you have to  
5 go right back to the village.

6 In view of the many disadvantages of not  
7 having any stationmaster on holidays and Sundays, a  
8 suggestion has been made which should be taken into  
9 account by the railway authorities. Would it not be  
10 possible to have at all these stations a public telephone  
11 system installed which would be directly connected with  
12 the station or stations at which information on train  
13 schedules and so forth is available? It would then be  
14 sufficient to enter the appropriate telephone booth  
15 and to lift up the receiver in order to be connected to,  
16 say, Matapedia or New Carlisle. If this system were  
17 applicable, it might do away with many of these public  
18 complaints.

19 We have already mentioned how much time is  
20 saved by and how satisfied the public is with the  
21 rail liner service from Matapedia to Gaspe. No one  
22 would wish to go back to the old system. On the other  
23 hand, since there still is a good deal of distance to  
24 be covered between Matapedia and Gaspe, many people  
25 still deplore the fact that this service is not provided  
26 with a dining car. The absence of any food on the train  
27 is quite a disadvantage, particularly as passengers  
28 coming from Montreal or Quebec cannot get any refresh-  
29 ment at Matapedia when they get off the Ocean Limited.  
30 The same disadvantage applies to train No. 102, but it  
would be difficult to remedy it as only a limited number





1  
2 of passengers use the train.

3 In general, the information service for the  
4 public in pretty well all the stations leaves a great  
5 deal to be desired. In certain stations, particularly  
6 in Matapedia, the service is quite bad.

7 All the bigger stations should have sufficient  
8 facilities in order to provide a good service to the  
9 public. From this point of view, even the station at  
10 Chandler is not satisfactory.

11 Requests have been made that the station in  
12 Bonaventure should be rebuilt. The rest room facilities  
13 in stations, particularly those which have the greatest  
14 traffic, should be watched and improved. In St-Omer,  
15 even though many passengers have to get the train else-  
16 where in Carleton or in Nouvelle because there is a  
17 complete lack of water, electricity, wash room facilities,  
18 and so on, and also the heating is quite inadequate.  
19 For all these reasons, the people of St-Omer itself  
20 do not use the station.

21 We also find in general that something might  
22 be done to improve courtesy of employees in stations  
23 because some of them go about their duties as if the  
24 customer simply didn't exist.

25 At New Richmond when the train stops in the  
26 middle of the village, it actually blocks all the traffic  
27 on the highway because the railway tracks run across it  
28 near the station. That, of course, interferes with the  
29 automobile traffic in the village, and the same is  
30 true in Port Daniel. The population of both these  
villages insist that an end should be put to this  
evil practice and that care should be taken in order







1  
2 to break up any train which blocks the highway during  
3 a prolonged stop at the station.

4 SECTION 3 - Questions Relating to Other  
5 Means of Transportation -

6 First of all, air services.

7 It is the unanimous opinion of all the  
8 Chambers of Commerce in the Gaspé peninsula that an  
9 air service should be helped by building a runway in  
10 the Baie de Chaleur. This runway should be up to  
11 date and should be provided with all the necessary  
12 ground services. We are perhaps the only area in the  
13 province where businessmen do not have an adequate  
14 air service. Several requests have been presented to the  
15 transport department in order that the runway should  
16 be constructed in the Baie de Chaleur and projects were  
17 studied in New Richmond, Bonaventure, New Carlisle,  
18 Paspébiac and Chandler. On the other hand, the present  
19 method of granting federal assistance to such airport  
20 projects is of no great help because most of the interes-  
21 ted localities would not be able to finance the main-  
22 tenance of the required runways and airports. Perhaps  
23 the federal government might be able to overcome this  
24 difficulty by giving special grants for maintenance.

25 At this point, may I add that our regional  
26 Chamber of Commerce covers only the south shore of the  
27 Gaspé peninsula; in Gaspé north there is another  
28 regional Chamber of Commerce at Matane, which deals  
29 specifically with the problems of the northern part of  
30 the peninsula.

We understand that federal aid is available







1  
2 for construction of an air field, on condition that the  
3 municipality acquire the land and guarantee that it  
4 would assume the upkeep of the air field. It sounds  
5 reasonable except that in a region such as ours, where  
6 you have, outside of Chandler and possibly Gaspé, no  
7 municipality with a population exceeding 3000 to 4000,  
8 and where the majority of the municipalities have a  
9 population of about 1500 to 2000, there you see the lack  
10 of practical adaptability of these conditions to a ter-  
11 ritory such as ours. Nevertheless, the way the Gaspé  
12 peninsula is populated, you seldom see any open country.  
13 Proceeding from Matapédia to Gaspé, you are continually  
14 emerging from one municipality to another, the confines of  
15 which are in a fairly close radius. These municipalities,  
16 which are something like a chain or a series of beads  
17 running along in themselves, are quite unable, economi-  
18 cally speaking, to undertake any heavy expenses in this  
19 respect. Nevertheless, they do constitute a segment  
20 of the population of the province of Quebec which is not  
21 only the oldest, the first populated, the first civilized,  
22 let us say, but which, in our eyes and I am sure in the  
23 eyes of the rest of the province, is of considerable  
24 importance. If it were on no other ground -- and I  
25 mean economically - it would be of ethnic importance,  
26 as I will later point out. So we need help.

27 The need to link Gaspé south with the great  
28 centres of the province and to do this by air services  
29 is becoming more and more pressing. The fact that  
30 we do not have industry in a great centre which would  
be able to provide and to cover entirely the maintenance





1  
2 costs of an airport leads us to fear that we will  
3 perhaps be forced to wait for a number of years before  
4 we can have a true commercial airport. In these  
5 circumstances, our regional Chamber would like to ask  
6 your Commission to recommend to the federal authorities  
7 that further study should be given to the various  
8 requests that have been presented and that a solution  
9 be found in order to have a modern airport built at  
10 some point along the Baie de Chauleur, a point to which  
11 there would be easy access and which could serve the  
12 population of the two counties of Bonaventure and  
13 Gaspé South. It is of course quite clear that in the  
14 absence of some formula that would provide for federal  
15 assistance or a direct federal contribution towards  
16 the maintenance of an airport, as is done in the case  
17 of military airports or for very isolated centres,  
18 we shall still have to wait a long time before we can  
19 get the airport.

20 On the other hand, some means should be  
21 devised of facilitating communications between the  
22 Magdalen Islands and the Gaspé peninsula.

23 In order to explain the matter, the Magdalen  
24 Islands are actually a county of the province of Quebec.  
25 Moreover, they are a unit comprised in the diocese of  
26 Gaspé from the religious point of view. Obviously the  
27 judicial or legal setup is such that it is the magistrate,  
28 crown attorneys and other attorneys from the judicial  
29 districts of Gaspé and Bonaventure who are most frequently  
30 called upon to go to the Magdalen Islands. Economically,  
it is a fishing country; and we are a fishing country.







1  
2 Nevertheless, as matters are today, the only real con-  
3 nection with the Magdalen Islands is by air from the  
4 maritime provinces, from Moncton to Charlottetown to the  
5 Magdalen Islands. This is another fact I would like to  
6 bring to your attention. While the present passenger  
7 service by railway is excellent between the Gaspé coast  
8 and Montreal and Quebec, it is absolutely awful between  
9 the same Gaspé peninsula and the maritime provinces.

10 If you wish a concrete example, I have already  
11 told you that I can finish my work at New Carlisle and  
12 be in Montreal the following morning, and be back  
13 in New Carlisle in the morning. On the other hand,  
14 if I leave New Carlisle and wish to go to Moncton or  
15 Saint John -- I am talking about winter particularly  
16 -- if I use the rail facilities, I will be in Matapédia at  
17 the same time as the other passengers, but I will have  
18 to stay at Campbellton or Matapédia over night in order  
19 to take the Scotian the next morning and I will be in  
20 Moncton at about 3 in the afternoon or at Saint John  
21 later. A whole day is lost in order to get to Saint  
22 John or Moncton, practically, unless I take the maritime  
23 express. Then if I wish to get up at 4 a.m., I think  
24 I can get to Moncton a little earlier.

25 COMMISSIONER BALCH: Do you just use that  
26 service in the wintertime?

27 MR. SHEEHAN: In the summertime, of course, you  
28 can reach Campbellton or Matapédia in the morning  
29 sufficiently early to take the 11 o'clock train, but  
30 you would not wish to undertake that same trip in winter  
conditions.





1  
2           Only a daily and adequate air service  
3 between the Magdalen Islands and the Gaspé peninsula  
4 will finally link this county to the province of  
5 Quebec, and particularly to our own region to which  
6 the Magdalen Islands are closely tied from the economic  
7 point of view as well as the diocesan religious point  
8 of view, and the legal system is also closely linked,  
9 and all ~~delays~~ in providing for adequate communications  
10 will be both unfair to the population of the Islands  
11 and will contribute to keeping them very isolated.

12           The services will also be of advantage to  
13 those people in Gaspé who have business in the Islands  
14 quite frequently.

15           2, Bus Services.

16           The Gaspé peninsula has already had a bus  
17 service which, however, went out of business because  
18 there was not a sufficient number of customers. Only  
19 very few people believe that a bus service could be  
20 run profitably and we shall therefore not speak about  
21 this subject.

22           3, Trucking Services.

23           Apart from the trucking services of the  
24 C. N. R. which are very satisfactory, most of the  
25 Chambers of Commerce which replied to our questionnaire  
26 put forward the view that the private trucking companies  
27 in the peninsula, in spite of the obvious advantages  
28 which trucks have in delivering goods or parcels from  
29 door to door and in covering relatively short distances,  
30 in spite of all this, the private companies have not  
so far succeeded in providing the stable and regular







1  
2 service that is required by our population. This is,  
3 of course, a factual expression of opinion on our part.  
4 I should like to underline also that the private  
5 trucking services have not had a great deal of success  
6 so far, but of course, they are trying and very possibly  
7 they will manage to succeed.

8 I must mention also that more or less the  
9 same complaint has been expressed about them, namely  
10 complaints about the careless handling of parcels  
11 and the difficulty of presenting claims in case of  
12 damage.

13 Mr. Chairman, and members of the Royal  
14 Commission, we respectfully submit our comments which  
15 I have outlined to you and I hope you will take them  
16 into account. They reflect matters of detail if we  
17 are to compare them with the broader subjects that  
18 you will study. However, it is perhaps in correcting  
19 details that we can manage to improve more general  
20 situations. We have a sort of belt surrounding the  
21 Gaspé peninsula but the interior has hardly been  
22 touched.

23 Perhaps the fact the peninsula lies so far  
24 from the administrative, financial, commercial and  
25 industrial centres in Quebec and Montreal, the fact  
26 also that we cover such an extensive area and that  
27 there is a need to link the cities, the villages and  
28 rural areas more closely together; and finally  
29 the need to link our economy more closely to that of  
30 Quebec and the whole of Canada, requires better communication facilities which will help our fishing industry, our tourist industry, as well as the lumber industry.







1  
2 Now, I wish to thank the Chairman and the  
3 Commissioners for their kind attention, which is  
4 perhaps to some extent more than we could have expected  
5 in a fact-finding submission such as we have just made.  
6 Nevertheless, we are sure that this will at least help  
7 you to understand something of the general picture of  
8 the transportation situation as it exists presently  
9 on the Gaspé coast.

10 I would also like to say that if, in my  
11 capacity as president of the regional Boards of Trade,  
12 I have been delegated to convey certain remarks con-  
13 cerning particularly the railroad on the Gaspé coast,  
14 because, after all, it is still our main medium of  
15 transportation, our attitude towards the C. N. R. is  
16 that they are continually striving to better their  
17 service, they have bettered their service to a great  
18 extent, and I wish them to feel that our criticism  
19 is constructive and that they will co-operate with us  
20 in order to give us the adequate service that we require.

21 I said a word before about the ethical, -  
22 you might say - because we are a very old region, we  
23 were the first known part of Canada to have been reached  
24 by Jacques Cartier, and I think we are a community which  
25 is a very substantial asset to Canadian living and to  
26 the province of Quebec. We live in a very mixed region,  
27 mixed from the point of view of race. We have English  
28 Loyalists, we have Scots, we have Irish, we have  
29 Jersey people, people from the Jersey Islands, we have  
30 people of French-Canadian descent, we have people of  
French Acadian descent, and all these people live in





1  
2 harmony, with the greatest respect for their neigh-  
3 bour. We cannot hold with, you might say, this vogue  
4 of bilingualism which we have today, because for  
5 centuries we have been a bilingual people and we have  
6 been talking the two official languages of Canada to  
7 such an extent that frequently when we are talking, we  
8 start a conversation in English and finish it up in  
9 French, and our stenographers are frequently obliged  
10 to call our attention to the fact that the letter  
11 which we have been dictating in French, we ended up  
dictating in English.

12 I would say we have been getting along also  
13 for centuries in the religious field. Also, in a  
14 little parish like New Carlisle, which has only some  
15 1500 population, nevertheless we have sixteen churches,  
16 each one with a different denomination, and we all  
17 get along fine, and we say that this region, which is  
18 now beginning to feel the first stirring of economic,  
19 you might say, development in natural resources, mining,  
20 as well as the older fields of lumber and fishing -  
21 we feel that apart from the purely economic or finan-  
22 cial situation, which is perhaps disadvantageous to us  
23 at the present time, we have made and will continue to  
24 make to the province of Quebec and to Canada at large  
25 a definite contribution, and as such we feel, without  
26 asking any medium of transportation to lose money on  
account of us, that they should fulfill the purpose that  
they wish to on the Gaspé coast.

27 I wish to thank you, Mr. Chairman and  
28 gentlemen, for your attention.  
29  
30







1  
2 THE CHAIRMAN: Thank you, Mr. Sheehan. It is  
3 very encouraging to us to have you giving of your  
4 time coming here with the information you have given us.

5 ---Short recess.

6 THE CHAIRMAN: Mr. Cumming?

7 MR. CUMMING: Thank you, Mr. Chairman.

8  
9 CROSS-EXAMINATION BY MR. CUMMING:

10 Q. Mr. Sheehan, may I ask if your Chambers  
11 have asked the Board of Transport Commissioners for  
12 lower express minima?

13 A. On this question I would have to prelude  
14 my answer by stating definitely that this is a factual  
15 presentation. In other words, this represented  
16 particular complaints or representations that were  
17 made to us by the member boards, and therefore while  
18 I am not entirely sure that I would be right in saying  
19 that no such representation has been made, I think that  
20 I can say that it is very likely - it is quite likely  
21 - that no direct representation has been made to the  
22 Transport Board or any other body concerning this  
23 particular problem.

24 Q. Do you know whether or not it is proposed?

25 A. I think definitely we would seek what-  
26 ever remedy would be possibly indicated, yes.

27 Q. Now, have your organizations considered  
28 the question which has been considered here and else-  
29 where, the question of horizontal freight rate increases?

30 A. Has our body? What is the exact question?





1  
2 Q. Have you considered the question of the  
3 problem of horizontal freight rate increases?

4 A. No, I don't think we have. I think it  
5 can safely be said that we have not.

6 Q. Is it the situation in your area that  
7 you do not feel you have been unduly burdened by the  
8 impact of horizontal increases?

9 A. That I cannot answer either for the same  
10 reason, inasmuch as I do not think that this reflects  
11 other than it was stated. In other words, a grievance  
12 which is the reflection of opinion of the customers  
13 concerned, members of the respective boards, but it  
14 has, in all probability, not been followed up by any  
15 action along the lines that you have mentioned, or any  
16 comparative study, I may add.

17 Q. Can the Commission take it that from the  
18 absence of any complaint in this compilation of  
19 grievances, as I think you term your brief, horizontal  
20 freight rate increases are not a problem in your area?

21 A. I think they are a problem. But I think  
22 that possibly we have not actually up to now studied  
23 the exact channels through which we may go in order to  
24 obtain the remedy or redress.

25 Q. On page 4 you mention another problem  
26 that you find, and that is the delay that you experience  
27 in getting special rates fixed?

28 A. Yes.

29 Q. You think you would be better off if  
30 the authority for negotiating rates were decentralized  
so that this could be done at the local levels. Would





1  
2 that be a solution to the difficulties that you face?

3 A. Well, we are somewhat under the impression,  
4 which may not be possibly too well founded, that one  
5 reason for this lack of elasticity, let's say, may  
6 arise from the fact that there is perhaps a tendency  
7 to centralize these references, to make a reference  
8 to a central authority, and I would say possibly -  
9 personal opinion - that if a greater elasticity or a  
10 greater margin of jurisdiction were accorded to local  
11 authorities, we would possibly have quicker results.  
12 I hope that answers your question. I am afraid it is  
13 more or less of a personal appreciation just the same.

14 Q. Further on in your brief, Mr. Sheehan,  
15 you deal with some of the problems that your area is  
16 faced with in the passenger service, and you mention  
17 that you had taken up with the representatives of the  
18 railway this question of station agents being on duty  
19 on Sundays and matters of that sort. What about the  
20 question of dining car service, information services,  
21 station conditions? Have you made representations to  
22 railway authorities in regard to problems of this sort?

23 A. I think that representations have been  
24 made, but I believe they have been made mostly at a  
25 local level, more or less to the local authorities,  
26 and quite possibly also to the local agents themselves.  
27 As far as I know, this series of grievances has possibly  
28 not been consolidated and made the subject of definite  
29 representation to the higher authorities involved.

30 Q. I gather from the tenor of your brief  
that generally you have found the railways to be







1  
2 co-operative in dealing with and considering problems  
3 of this sort with you?

4 A. I think so; except that we might differ  
5 in one point of view, in that we are frequently rather  
6 frustatingly faced with the position that services  
7 must be streamlined with the economic kick-back or  
8 the yield. I wouldn't say that that is definitely  
9 laid down, but I say that we still consider that even  
10 though there may be some financial loss possibly  
11 involved, it is a moot point. It is not a question for  
12 us. We feel in the balance what should be weighed  
13 would be the fact of an entire region getting a vital  
14 service - perhaps I wouldn't say altogether regardless  
15 of whether it was a paying service, but certainly  
16 outweighing the question of the dollars and cents loss.

17 Q. That is the public convenience requires  
18 the maintenance of the service in your view?

19 A. Yes. We have the same thing in other  
20 lines. We have the same thing when we have power  
21 rates, electricity rates. We are substantially an  
22 isolated region, and when any body or organization  
23 or authorities start arguing with us on the pure basis  
24 of economic return, they have got us over a barrel,  
25 because our region is essentially isolated. But it  
26 is an existing region, that in its contribution and  
27 for its survival it needs services. I don't want to be  
28 a socialist, but you can perhaps grasp my point.

29 Q. Just one more point. You mentioned that  
30 the representations you had been making to the railways  
in your area on the problems of the sort you describe





1  
2 in your brief had been done at the local level. Would  
3 it be your intention and do you think it could resolve  
4 your difficulties by taking these matters up through  
5 the organizations that you represent?

6 A. I would like to say this, that at no time  
7 when problems have arisen in the past, did the C. N. R.  
8 ever fail to sit down with us and to thrash out in a  
9 round table discussion whatever problems we had, and  
10 while I do not think that on the whole these grievances  
11 have been definitely presented to the higher authorities,  
12 we are, nevertheless, firmly convinced that when we do  
13 so - and we intend to do so - that they will receive a  
14 hearing, and we expect results. I think we may say  
15 that in all fairness.

16 MR. CUMMING: Thank you, Mr. Sheehan.

17 THE CHAIRMAN: Mr. Hume?

18 CROSS-EXAMINATION BY MR. HUME:

19 Q. Mr. Sheehan, I have just two points that I  
20 should like to discuss briefly with you. My name is  
21 F. R. Hume, and I represent Canadian Trucking Associations.

22 I notice on page 12 of your submission you use  
23 the adjective "private" when you refer to private  
24 trucking companies?

25 A. Yes.

26 Q. Do you mean there the trucking companies  
27 which are owned by people carrying their own goods,  
28 or are you referring to commercial for-hire trucking  
29 companies?

30 A. I would say the commercial for-hire trucking







1  
2 companies, yes.

3 Q. Do you have any public trucking companies  
4 as opposed to private in the Gaspé area?

5 A. Yes, we have at least two that bring down  
6 goods to the Gaspé coast.

7 Q. Are they public companies in any different  
8 sense than your description of private companies?

9 A. Perhaps I don't just grasp what you mean.  
10 By that I don't mean a company conveying its own goods,  
11 I mean a company conveying goods of others. If you  
12 characterize those as public conveyors, I think that  
13 would be the term.

14 Q. You are speaking of the trucking industry?

15 A. Yes, transport of goods in general.

16 Q. The private trucking company has perhaps  
17 a semi-technical meaning?

18 A. I am afraid we may have misled you on that  
19 score.

20 Q. May I assume that from what you have said  
21 in your brief the trucking industry in Gaspé is competing  
22 with the C. N. R.-owned truck lines in the same area?

23 A. It would appear so.

24 Q. I am instructed -- and you can correct me  
25 if I am wrong -- that your area is relatively well  
26 served by members of the trucking industry in the  
27 province of Quebec, including the railway truck lines,  
28 that you have several companies operating on a fairly  
29 regular basis in your area?

30 A. Yes, with this qualification, that I would  
say that l.c.l. - I think that is the right term, the





1  
2 less than carload lots - brought in by the C. N. R.  
3 has seemed, I would say, to obtain the approval or  
4 approbation, if you like, of the customers along the  
5 line that it covers due to its regularity, its stability,  
6 and the fact that delivery is made to domicile. Now,  
7 the other trucking companies than the C. N. R. have  
8 not hitherto maintained the same regular service from  
9 the point of view of regularity, firstly, and secondly,  
10 boards have made with respect to these companies about  
11 the same general complaints that we have talked about  
12 in handling and delays, and so forth, with regard to the  
13 railroad, but perhaps to a somewhat greater degree.  
14 That is up to now. I would say it is undoubtedly in  
15 their interest as well as in our interest to continue  
16 their efforts and probably manage to install, if the  
17 situation warrants same, a regular service, but as it  
18 is now it is more or less an intermittent service.

19 Q. Is that service increasing in its ability  
20 to serve and in its regularity as time goes on? Have  
21 you noticed that?

22 A. I am afraid I would not be able to answer  
23 that because I have not personally made any comparison,  
24 and nothing in the answers we received would enable me  
25 to give you a definite answer. I have no basis for  
26 comparison.

27 Q. You mentioned the importance of the  
28 Maritime Freight Rate Act to your area.

29 A. That is our impression.

30 Q. May I ask whether your Chambers of  
Commerce and Boards of Trade have expressed any views







1  
2 that you can pass on to us as to whether or not the  
3 benefits of that act should be available to movement  
4 of goods by truck as well as by rail, or whether or  
5 not you have considered that matter?

6 A. Mr. Hume, the subject has not been con-  
7 sidered up to now, and there I would echo the remark  
8 made by the Hon. Mr. Johnson this morning that we  
9 feel that while this presentation today was purely  
10 a matter of recital of factual grievances, we feel  
11 that the whole subject in so far as the Gaspé region  
12 is concerned merits a more positive and concrete  
13 study, one which would compare with other regions,  
14 which has not been done. The effect of this presen-  
15 tation resided in the peculiar origin of this memoran-  
16 dum. It takes origin in answers to a questionnaire,  
17 necessarily incomplete. I think we should give the  
18 matter far greater study, and we could - we don't expect  
19 to be invited to do so, but we could give a more detailed  
20 and more thorough investigation of the whole thing.  
21 When you asked me whether we are able to say it is  
22 our opinion that we should apply this Maritime Freight  
23 Rates to all mediums of transportation, I cannot answer  
24 that up to now.

25 MR. HUME: May I differ with you, with  
26 respect. When you refer to the effects of the presen-  
27 tation, may I say that you are a very good advocate  
28 for that part of Canada from which you come.

29 Thank you for your assistance.

30 THE CHAIRMAN: Mr. Doherty?

MR. DOHERTY: Thank you, Mr. Chairman.







CROSS-EXAMINATION BY MR. DOHERTY:

Q. Mr. Sheehan, as I understood you to say, the C. N. R. operate a trucking service in the Gaspé area. Is that trucking service in competition with rail lines and other rail services, or is it in lieu of rail services?

A. I would say that that can be better answered by representatives of the C. N. R. I don't know whether it would be right to say it is in competition or whether it is a complementary service to what already exists. I may be wrong. I would say a complement or expedient, if you wish, of the railway service, that over and above to complete the service you have a rapid door-to-door delivery to compete with trucks.

Q. I am sorry, I failed to identify myself. My name is Doherty and I represent the province of Saskatchewan.

Now, in this area there is the C. N. R. operating a trucking service. It has been suggested in other areas that railways perhaps should not be allowed to operate trucking services. Has your Chamber any views as to whether or not railways should be allowed to enter into the trucking service in competition with, say, private carriers?





1  
2 A. Our Boards of Trade are very definitely  
3 in favour of the continuation of the complementary  
4 service given by the C. N. R. trucks and would like to  
5 see it extended.

6 CROSS-EXAMINATION BY MR. FRAWLEY:  
7

8 Q. I would like to ask you first something  
9 about the Maritimes Freight Rate Act. I have recently  
10 acquired an interest in that act. Do you receive any  
11 shipments on your coast from overseas?

12 A. I believe so, but I must confess I am  
13 rather ignorant on the actual matter. I know that the  
14 Baie de Chaleur, which is our body of water separating  
15 the southern shore of the Gaspé peninsula from the  
16 northern shore of New Brunswick, is actually kept open  
17 with some success, and perhaps considerable success,  
18 at the present time in order to allow pulp wood carriers  
19 to reach, for instance, Dalhousie, only fifteen miles  
20 east of Campbellton. Nevertheless, the Baie de  
21 Chaleur, even in winter, is kept open, I believe, by  
22 ice breakers. I hope I am not exceeding the actual  
23 facts. I think that is the case. Consequently, I  
24 believe that we do receive shipments from overseas  
25 at Gaspé, for instance, and at Chandler, where they are  
26 actually trying to obtain an enlargement of their  
27 port. On the same maritimes question, I would say that  
28 we have at Paspébiac facilities which are being com-  
29 pleted and which cost perhaps in the neighbourhood of  
30 \$2 million in order to transform this area into a  
decent port.







1  
2 Q. Those shipments that you say come in --  
3 do they clear customs at those ports or do they clear  
4 inland?

5 A. We have a customs office at Paspébiac,  
6 which is half way along the southern coast of the  
7 peninsula, and another customs office at Gaspé..

8 Q. After they are landed and cleared customs,  
9 they move inland into other parts of Canada?

10 A. I would say so.

11 Q. Do you move them as local shipments and  
12 get the benefit of the Maritime Freight Rates Act?

13 A. I am sorry. I cannot answer that.

14 Q. You said you had some trouble with your  
15 mail services from the junction with the main line of  
16 the Canadian National Railways?

17 A. Yes, it is due, as we think after giving  
18 a strong second look at the situation -- at least it is  
19 occasioned by the fact that the Scotian, which carries  
20 the mail from Montreal and points west, is frequently  
21 late at Matapédia. Our own trains start out late  
22 because of the late arrival of the Scotian. Of course,  
23 this matter is under study too. Nevertheless, if we  
24 could get the mail delivered on time in Matapédia, we  
25 could get deliveries on the coast by train.

26 Q. I thought all first-class mail in Canada  
27 now was "all up" and went by air?

28 A. Not to Matapédia.

29 Q. You mean you do not have regular five-cent  
30 mail going by air into the Gaspé country?

A. It does not at the present time. It may





1  
2 come by air as far as Rimouski or Mont Joli, which is  
3 at the western end of the peninsula, but I am strongly  
4 of the opinion that the mail which arrives at the  
5 Gaspe coast is conveyed by rail.

6 Q. Even from central Canada?

7 A. From Montreal or perhaps from Quebec.  
8 I would not like to be too categorical on that.

9 Q. Is that because there are no regular  
10 air services?

11 A. Actually there are no regular air services  
12 serving the Gaspe peninsula. When I say "regular" --  
13 there is an air service at Gaspe which is giving a  
14 certain service with the Magdalen Islands, perhaps  
15 twice a week or so, but subject to weather conditions  
16 and so forth. In other words, it is not the regular  
17 daily service that we would like to have.

18 Q. Mr. Sheehan, on the last page of your  
19 brief you refer to "le tourisme, l'industrie de la peche  
20 ou du bois". Of those three industries, where does the  
21 tourist industry stand?

22 A. It is one of our biggest industries but  
23 suffers enormously from the shortness of our season.

24 Q. I thought you were going to tell the  
25 Commission a little more about that wonderful Gaspe  
26 country. It strikes me that, notwithstanding the  
27 inadequacies of Mr. Macdougall's rail liner or any  
28 inadequacies of Mr. Hume's truck services -- and I  
29 am not suggesting that there are any -- your tourist  
30 industry survives by good roads and private automobiles?

A. That is true largely.





1  
2 Q. The times I have been there I have  
3 certainly not been on a truck or a rail liner.

4 A. The people who come as tourists to the Gaspé  
5 coast are unable to take any rapid facility because  
6 they want to stop at practically every place.

7 Q. They all want to go to Percé.

8 A. The point I am making is that the tourist  
9 likes to meander along and may stop at Carleton and  
10 possibly New Carlisle and Percé and stops over night.  
11 In other words, it is usually a leisurely trip. It  
is a big industry.

12 Q. The birds are still on the island at  
13 Bonaventure?

14 A. Yes.

15 Q. And the Rock is still there?

16 A. Yes.

17 Q. They have been there since Jacques  
18 Cartier made his landfall?

19 A. Yes.

20 CROSS-EXAMINATION BY MR. ARCHAMBAULT:

21 Q. I would like to ask one question of  
22 Mr. Sheehan. My name is Archambault and I represent  
23 the Trucking Association of Quebec. You say that trucks  
24 have not so far succeeded in giving the services  
25 required by our population?

26 A. Regular services. Is it a question of  
27 regularity or stability?

28 Q. Do you personally know the Northern  
29 Express Company Limited and the Rimouski Transport  
30







1  
2 Company Limited? If so, do you not find that they have  
3 a daily service in the Gaspé peninsula?

4 A. Yes, I do know these companies. I have  
5 had an opportunity to use them. Of course, our comments  
6 were submitted by a Chamber of Commerce; this is a  
7 combination of their experience. I do not have the  
8 impression personally -- and I may be wrong -- that  
9 the service given by these companies is a daily  
10 service. I believe that it is rather a service on  
11 request, or at least partly on request, in the sense  
12 that you expect to have a full truckload before you  
can expect delivery of goods.

13 Q. If you will allow me tomorrow, Mr. Chairman,  
14 we shall present witnesses who will give information  
15 about the services in the Gaspé region.

16 A. I have been trying to give you my personal  
17 views only and my personal experience. I can only  
18 give you that.

19 CROSS-EXAMINATION BY MR. MACDOUGALL:

20 Q. Mr. Sheehan, my name is Macdougall and I  
21 represent the Canadian National Railways, the railway  
22 line you have been speaking about. Perhaps we might  
23 just have a word about the brief you have presented.  
24 Mr. Chairman, I might say that we just received  
25 Mr. Sheehan's brief at noon. He and his organization  
26 have gone to a great deal of trouble to get a great  
27 deal of factual information, and we are not able to  
28 discuss any of the detail at this time, as it would  
29 require a great deal of checking, but I do not think  
30





1  
2 that is necessary.

3 THE CHAIRMAN: He does not complain much  
4 about you.

5 MR. MACDOUGALL: No, he has been very fair  
6 indeed in his remarks. On behalf of the Canadian  
7 National Railways I would like to say particularly  
8 this to him and to the Commission, that this type of  
9 information that Mr. Sheehan has brought forward is  
10 very constructive. Some of the comments may not be  
11 liked by some people who may be responsible for carrying  
12 out the railway work in that area, but I would like  
13 to extend to him and all of his Chambers of Commerce  
14 an invitation from Canadian National Railways to have  
15 their organizations come and speak to our senior  
16 officials at Moncton, and we will be glad to sit down  
17 with them, as we have in the past, and discuss any of  
18 these matters. I am sure that if the record of the  
19 past speaks for itself, we will be able to resolve  
20 many of the problems, and if we cannot, we will be able  
21 to give an explanation which will satisfy Mr. Sheehan  
22 of our good intentions, with regard to the Gaspe penin-  
23 sula.

24 I have no questions, but we thank you for  
25 bringing this to our attention. If you will be kind  
26 enough to let me have some copies of your brief,  
27 Mr. Sheehan, I will pass them on to our officials, and  
28 you can look forward to contacts with the railways,  
29 with the Boards of Trade and Chambers of Commerce.  
30







1  
2 BY COMMISSIONER GOBEIL:

3  
4 Q. You mentioned the fact that the truckers  
5 were handicapped because of the subsidies granted to  
6 the railway freight services. In your questionnaires,  
7 did you mention this subject?

8 A. No. This specific point was not taken  
9 into account. Therefore, quite frankly, I do not think  
10 I will be able to tell you what our opinion on this  
11 aspect is. I believe this is a point that was never  
12 seriously considered. Of course, it is quite possible  
13 that people have their views on it but have never  
14 formally pronounced themselves on the issue. I think  
15 that would be quite out of order if I were to attempt  
16 to give the official opinion of our Chamber on this  
17 question. I am sorry, but that is a fact.

18 Q. On page 11 of your brief, Mr. Sheehan,  
19 in the last paragraph, you mention means of communica-  
20 tion between the Magdalen Islands and the Gaspé  
21 peninsula. You mention specifically that in order to  
22 go to the Magdalen Islands you have to cross through the  
23 maritime provinces. At present, the direct service  
24 between the Magdalen Islands and the Gaspé peninsula,  
25 as compared with the other alternatives you mentioned --  
26 What is the present situation?

27 A. The service of Trans-Gaspesian Air Line,  
28 which serves the Magdalen Islands and the other islands  
29 on the north coast and on the east, goes to the  
30 Magdalen Islands twice a week. It is the general  
opinion that this is not a scheduled regular service,  
and consequently in practice, I think I may say, the





1  
2 great majority of people who want to go to the  
3 Magdalen Islands have a general tendency to take the  
4 railway to Moncton and in Moncton they take the air  
5 service from Moncton to the Magdalen Islands via  
6 Charlottetown. People who have business, such as  
7 lawyers and doctors, who have to travel to the Magdalen  
8 Islands take this route in general. The other service  
9 twice a week to the Magdalen Islands does exist but  
10 at present I do not think it can be considered a  
regular service.

11 Q. The service you mentioned going via  
12 Moncton and Charlottetown -- is that a daily service?

13 A. Yes, daily. I believe, at any rate, that  
14 it is a daily service. Of course, there is also a  
15 service by ship, which leaves Gaspé North and goes to  
16 the Magdalen Islands. It leaves practically every  
17 two weeks. So it is in fact quite a pleasure trip.  
18 It is a small ship, and you have to make a reservation  
19 well ahead of time. I do not think I could qualify it  
as an adequate service.

20 BY COMMISSIONER MANN:

21  
22 Q. Mr. Sheehan, your most regular water  
23 connection to the Magdalen Islands is via Pictou,  
24 Nova Scotia, and Charlottetown, is it not?

25 A. That is the case.

26 Q. Turning very briefly to the service pro-  
27 vided by Maritime Central Airways, has any application  
28 been made by the line from Gaspé for a schedule  
29 licence to the Magdalen Islands, do you know?  
30







1  
2 A. I regret that I am not in any position,  
3 based on my personal knowledge, to reply, but I think  
4 that this service by Trans-Gaspesian Air Line is at  
5 present scheduled for twice a week. Undoubtedly this  
6 line, which suffers certain difficulties, would possibly  
7 be able with help to increase this service, but at the  
8 present time it does not constitute perhaps the regular,  
9 certainly not the daily, service that we would like to  
10 see.

11 Q. When you say "with help", you mean with  
12 federal subsidization?

13 A. Well, I do not think that I am qualified  
14 to speak for that company and to say just exactly the  
15 form of help it needs, but I imagine it would need all  
16 the help it could get and expect, yes.

17 Q. Have there ever been any complaints by  
18 the people of the Magdalen Islands about the fact that  
19 they are not directly served in the Gaspé as frequently  
20 as the maritime central?

21 A. Frankly, I would not like to answer that  
22 question too categorically. Undoubtedly it is admitted  
23 that the Magdalen Islands economically have very close  
24 relations and connections also with the maritime prov-  
25 inces. I would not venture to say the contrary, but  
26 the point I am making is that it is a county of the  
27 province of Quebec. Its population is a Quebec pop-  
28 ulation -- Acadian, also, as we know, but there are  
29 links there along economic as well as judicial and  
30 religious lines which necessitate a free exchange of  
travel and other exchanges economically which should







1  
2 be facilitated and which at present are not being  
3 adequately implemented. There is no doubt about that.  
4 This is just a personal opinion that I have from having  
5 gone there on business, but I do not think the people  
6 of the Magdalen Islands would particularly wish to  
7 have a breach of any of the present connections, let  
8 us say, or a lessening of the existing channels of  
9 communication but would rather want to have a  
10 greater link and tie-up in all means of transport-  
11 ation open with the parent province.

12 Q. That is very understandable, indeed.

13 A. After all, up to two years ago they were  
14 actually part of our judicial district of Gaspé. Now  
15 they form a separate judicial district, but one of the  
16 reasons that may have dictated the formation of a particular  
17 district for the Magdalen Islands was not only to  
18 facilitate them in transacting their own legal  
19 affairs as a legal entity, but more than that, because  
20 of the difficulty of communications as they exist  
21 between the Magdalen Islands and the province to which  
22 they belong.

23 Q. Mr. Sheehan, if I may just turn your  
24 attention to one other subject -- on page 10 of your  
25 submission you voice the complaints of the people of  
26 New Richmond and Port Daniel about the blocking of  
27 public thoroughfares by railway equipment. You know,  
28 better perhaps than I do, that Section 314 of the  
29 Railway Act provides a remedy for such a thing, and I  
30 wondered whether this had ever been (a) taken up with  
the railways, or (b) taken up with the Board of





1  
2 A. I am afraid that my remark, which is  
3 more or less personal, on decentralization was more  
4 of a practical remark in this sense. You can readily  
5 conceive that the higher authorities would be in a  
6 better position, perhaps, to establish in line with  
7 a uniform policy or an established policy of rates,  
8 but I would take for granted that they could only do  
9 so after a very thorough study of the region in which  
10 they are legislating, you might say. But what I  
11 particularly meant from my remarks on decentralization  
12 had to do with the practical application of any  
13 favoured rate that might be established to meet such  
14 and such a concrete situation. I think - and there  
15 again it is a personal opinion - that possibly undue  
16 results from this unnecessary channelizing of  
17 these demands to a central authority which might  
18 not have all the details of the territory under dis-  
19 cussion and may apply the solution by a rule or  
20 barometer which doesn't actually hit the spot, and  
21 that by the time they obtain the necessary information  
22 to come up with the solution, a lot of time is lost  
23 if the goods are perishable. I think possibly a  
24 little more confidence, a little more elasticity,  
25 a little more jurisdiction should be given to the  
26 application of these favoured rates to the regional  
27 authority. That is a personal opinion.

28 THE CHAIRMAN: Thank you very much,  
29 Mr. Sheehan.

30 MR. SHEEHAN: Thank you, Mr. Chairman,  
Mr. Commissioners.







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THE CHAIRMAN: We will adjourn now till  
ten o'clock tomorrow morning.

---Adjournment.



*How C. P. McTague*

# ROYAL COMMISSION

ON

## TRANSPORTATION

HEARINGS

HELD AT

Québec Québec

VOLUME No.:

**46**

DATE

MARCH 18 1960

OFFICIAL REPORTERS

ANGUS, STONE & MURPHY LTD.

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ROYAL COMMISSION ON TRANSPORTATION

Proceedings of hearings held  
in the Court House, Quebec,  
Quebec, on the 18th day of  
March, 1960

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Quebec City, Friday,  
March 18, 1960.

---On resuming at 10.00 a.m.

THE CHAIRMAN: Will you come to order,  
gentlemen, please.

MR. FRAWLEY: I notice, Mr. Chairman, that  
Mr. Droin, counsel for the province of Quebec, is not  
here.

THE CHAIRMAN: He wasn't here at the opening  
of the hearing yesterday afternoon, and he appeared  
for the province.

MR. FRAWLEY: He appeared to be introducing  
briefs yesterday afternoon.

MR. SINCLAIR: I think that was just a matter  
of courtesy.





1  
2 SUBMISSION OF  
3 THE REGIONAL CHAMBERS OF COMMERCE OF THE  
4 SAGUENAY AND LAKE ST. JOHN DISTRICTS  
5

6  
7 Appearances:

8 Mr. Ernest Dauphinais, President,  
9 Mr. Thomas Eugene Simard, Secretary.  
10

11 MR. SIMARD: Mr. Chairman and members of the  
12 Commission, we believe that we are one of the first  
13 from our region to have submitted a brief to your  
14 Commission, and we very much appreciate the fact that  
15 we have been able to submit a brief on the question  
16 as important as that of transportation. There is no  
17 doubt at all that our future economic development will  
18 largely depend upon the development of existing means  
19 of transportation and the available means of transport-  
20 ation. The importance of transportation in industrial  
21 development has already been indicated by Mr. Johnson  
22 in the name of the province of Quebec yesterday.

23 Before beginning to read our brief, will you  
24 allow me to express not only our deep satisfaction but  
25 our delight, indeed, at the use of the simultaneous  
26 interpretation system which is being very confidently  
27 used here.

28 Mr. Chairman, the regional Chambers of Commerce  
29 of the Saguenay and Lake St. John districts are organiz-  
30 ations which are primarily devoted to the economic,







1  
2 social and cultural interests of the "Kingdom of the  
3 Saguenay". They group together the thirteen following  
4 individual Chambers:

5 a) LAKE ST. JOHN DISTRICT: Alma, Dolbeau,  
6 Normandin, Roberval, St. Felicien and St. Jerome.

7 b) SAGUENAY DISTRICT: Arvida, Bagotville,  
8 Chicoutimi, Chicoutimi North, Jonquiere, Kenogami and  
9 Port Alfred.

10 More than 2500 businessmen, industrialists,  
11 professional men and representatives of public bodies  
12 belong to these various Chambers, and interest themselves  
13 actively in the multiple problems affecting the economic  
14 life of their respective localities.

15 1 - DEFINITION OF THE SAGUENAY - LAKE ST. JOHN REGION

16 The Saguenay-Lake St. John region, thanks to  
17 its richly wooded 30,000 square mile watershed, its  
18 3,855,500 horsepower and its natural outlet to the sea,  
19 has become an important centre for lumber, the pulp and  
20 paper industry and aluminum in Canada.

21 In regard to secondary industry, there are more  
22 than 425 firms giving employment to thousands of people,  
23 with a production of some \$40 million. As regards  
24 commercial establishments, they can very adequately  
25 provide all the services to which residents of large  
26 metropolitan centres are accustomed.

27 Despite its industrialization, the "Kingdom  
28 of the Saguenay" remains an important agricultural  
29 centre. The value of the farms is estimated at over  
30 \$83 million, covering an area of about 300,000 acres.  
These are family operated, basically dairy farms. The





1  
2 region is recognized as a producer of quality cheese.

3 Today the Saguenay-Lake St. John region enjoys  
4 the greatest concentration of hydroelectric energy in  
5 the world and more remains to be developed. Through  
6 its sea ports pass domestic goods as well as raw materials  
7 and the output of the largest aluminum smelters in the  
8 world and of paper mills whose production exceeds 800,000  
9 tons per annum.

10 The Laurentians which encircle the region are  
11 the same as those which attract millions of winter and  
12 sports enthusiasts from across the continent.  
13 It is also a pleasant place to live with excellent schools  
14 and easy communications with the exterior by water, air,  
15 rail and road.

16 Thanks to modern communications facilities,  
17 industry, always in search of new sources of hydro-  
18 electric power and a stable labour supply, is decentral-  
19 izing increasingly and certain regions, neglected until  
20 now, are taking on a growing importance from the in-  
21 dustrial standpoint.

22 The Saguenay-Lake St. John population is over  
23 250,000, mostly French speaking. This population enjoys  
24 one of the highest living standards in Canada. Moreover,  
25 its workers have adapted themselves apace with the  
26 rapid industrialization of the region.

27 2 - WAYS OF ACCESS TO THE SAGUENAY-LAKE ST. JOHN REGION:

28 Rail, road, air and shipping have triumphed  
29 over the isolation which, until the end of the nineteenth  
30 century, kept the Saguenay-Lake St. John areas in its  
grip. Today, these two areas are served by the







1  
2 Canadian National Railways and other inter-connecting  
3 lines running from Chibougamou to Port Alfred and  
4 Bagotville. The junction of the line that traverses the  
5 Laurentide Park is Riviere a Pierre. It is from this  
6 point that the region is linked with Montreal and Quebec  
7 from Chambord (on lake St. John) and from there to  
8 Chibougamou and Chicoutimi, passing through the principal  
9 centres of the region. The Alma and Jonquieres Railway  
10 connects Hebertville to Isle Maligne via Alma, and  
11 the Roberval and Saguenay Railway links the sea port of  
12 Port Alfred with Arvida, Jonquiere and Kenogami.

13 The region is blessed with one of the best  
14 road networks in the province, which traverses it in  
15 every direction. All roads are open winter and summer  
16 Three main highways link the Saguenay-Lake St. John region  
17 with Quebec City, and from there, with the rest of  
18 Canada and the United States. In addition to being very  
19 modern, these roads are extremely scenic.

20 Furthermore, an excellent gravel road links  
21 the region to the Chibougamou mining centre. Another,  
22 under construction, will soon connect the Lake St. John  
23 area with the St. Maurice valley via La Tuque. Finally,  
24 construction is about to begin on a road to link the  
25 Saguenay-Lake St. John with the lower north shore of the  
26 St. Lawrence via Tadoussac. If all roads lead to Rome,  
27 the same applies to the "Kingdom of the Saguenay".  
28 Accordingly, a choice of roads is available to him who  
29 wishes to visit or expedite produce or materials.

30 Air transportation is supplied by T. C. A.,  
with facilities at R. C. A. F. station Bagotville. Two







1  
2 direct flights a day link the Saguenay and Montreal,  
3 whereas two others operate between Seven Islands,  
4 Bagotville, Quebec and Montreal.

5 Air transportation to the region's important  
6 mining centre and the far north is provided by Nordair,  
7 from the Roberval airport. The city of Alma is completing  
8 its municipal airport which will be able to serve as a  
9 further link between Lake St. John and other parts of the  
10 province and Canada. The municipality of St. Honore in  
11 Chicoutimi county is likewise equipped with a runway  
12 which will doubtless contribute to the development of  
13 civil aviation in the region. In brief, the Saguenay-  
14 Lake St. John region connects easily with the world's  
15 greatest airways. Thanks to aviation, Montreal is only  
16 one hour and fifteen minutes distant and New York four  
17 hours away.

18 The Saguenay is extremely favoured by its three  
19 sea ports: Chicoutimi, Port Alfred and Bagotville.

20 The port of Chicoutimi, at the head of deep  
21 water navigation on the Saguenay river, is operated by  
22 the National Harbours Board.

23 The facilities of the port comprise a 3000-  
24 foot wharf and an 800-foot wide channel running the  
25 length of the wharf, dredged to a minimum depth of  
26 thirty feet. The other installations include fireproof  
27 sheds, served by about 8,500 feet of rail linked to the  
28 C. N. R., and an outside storage area of 1,800,000  
29 square feet.

30 Chicoutimi is a port of call for Canada Steam-  
ship passenger vessels, and freighters maintain a regular





1  
2 service to the St. Lawrence and Great Lakes. Petroleum  
3 traffic is particularly active.

4 The port of Port Alfred, one of the best  
5 natural ports of the world, is advantageously situated  
6 on Ha! Ha! Bay, having at some points a depth of over  
7 600 feet. It is located at a point sixty miles from the  
8 confluence of the Saguenay with the St. Lawrence  
9 estuary and is 2,580 miles from Liverpool, England.  
10 It is owned by Saguenay Terminals Limited, a subsidiary  
of the Aluminum Company of Canada, Limited.

11 Hard by Saguenay Terminals' wharves, Consol-  
12 idated Paper Corporation Limited has a deep water wharf  
13 for the unloading of pulpwood and other commodities.

14 A mile from Port Alfred lies the port of  
15 Bagotville, which is linked with Montreal by a daily  
16 freight and passenger service maintained by Canada  
17 Steamships during the months of June, July, August and  
18 the major part of September. Each year, thousands of  
19 tourists from all parts of North America, take the  
20 "Saguenay trip" to admire the savage grandeur of this  
21 fjord, whose vertical walls rise over a thousand feet  
above the water's surface.

22 The natural advantages of the Saguenay ports  
23 have been increased by the installation of the most  
24 modern equipment, thus permitting them to respond to  
25 all the needs of the region. The navigation season  
26 opens in mid-April and closes on the first of December.  
27 Ice forms between the third and seventh of December  
and remains until the tenth of April.

28

29

30







3 - CO-ORDINATION OF THE MEANS OF TRANSPORTATION:

If the Saguenay-Lake St. John region is favoured by all possible transportation services, an important factor to underline, and one which cannot fail to interest industrialists desirous of establishing themselves, is the perfect co-ordination between rail and sea transportation.

This co-ordination gives an incontestable superiority to our region, and constitutes a precious asset in favour of the economic growth of the "Kingdom of the Saguenay".

These transportation facilities permit the Saguenay-Lake St. John region to expedite easily its produce throughout Canada, the United States, South America, Europe and the four corners of the world.

Briefly, the "Kingdom of the Saguenay", by its geographic location and the concurrence of public services and private enterprise, has benefited to date from excellent transportation facilities.

We therefore respectfully submit to the honourable members of the Royal Commission of Inquiry on Transportation, the following recommendations, which we are confident will receive your favourable attention.

Annexed hereto as appendix are certain briefs and suggestions from local Chambers of Commerce.

RECOMMENDATIONS

1 - RAIL TRANSPORTATION

a) Passengers:

The principal deficiency of this means of transportation stems from the slowness of the service,





1  
2 travelling time being too long. Moreover, due to the  
3 condition of the roadbed, passengers are often inconven-  
4 ienced and tired. (See our recommendations below)

5 b) Goods:

6 The C. N. R. has lost much traffic since the  
7 construction of the Talbot Boulevard (through the  
8 Laurentide Park to Quebec City) and the accelerated  
9 competition of truck transportation.

10 A more realistic policy both regarding service  
11 and rates would doubtless have preserved a good part of  
12 this tonnage.

13 Presently, we strongly recommend the intro-  
14 duction of "pick-up and delivery" service, with rates  
15 which compare favourably with other regions.

16 The C. N. R. should also be able to attract  
17 additional revenues through the organization of  
18 "piggyback" service.

19 The C. N. R. requires a regional office to  
20 solicit business and supply service. It should also  
21 adopt the role of a serious competitor. The Saguenay  
22 and Lake St. John could also be served more advantageously  
23 by giving effect to our proposal to rebuild the rail  
24 line.  
25  
26  
27  
28  
29  
30





1  
2 c) Rebuilding of the Line

3 Built in 1887, our railway is out of date  
4 and, since its construction, it has not kept pace with  
5 the intense development that has occurred in our region,  
6 especially in the last forty years. The C. N. R. has  
7 undoubtedly effected considerable improvements, but the  
8 original course remains with its many pronounced curves  
9 and grades.

10 Without enumerating the numerous inconveni-  
11 ences caused by the existing state of the roadbed, we  
12 wish to emphasize one serious problem, not relating to  
13 passengers but intimately related to our regional econ-  
14 omy, affecting the production of newsprint and its  
15 transportation.

16 The major part of our paper production being  
17 exported to the United States, we are informed by the  
18 manufacturers concerned that very often an appreciable  
19 number of paper rolls arrive at their destination  
20 seriously damaged owing to the poor state of the road-  
21 bed.

22 In the face of the competition which is becom-  
23 ing more intense in the pulp and paper industry, the  
24 danger exists that important contracts may be lost,  
25 which could only have serious effects on the economy of  
26 our region. In consideration of this fact, it is imper-  
27 ative, even urgent, to improve the roadbed of the rail-  
28 way.

29 HOW ARE WE TO PAY THE COST?

30 We take the liberty to submit to the members  
of the Royal Commission two possibilities for defraying  
the cost:







1  
2 a) The expense to the C. N. R. for the improve-  
3 ment of the roadbed could probably be recovered in  
4 decreased operating costs and decreased claims for  
5 damaged merchandise.

6 b) Subsidies, to relieve unemployment, might  
7 be granted by the government to the C. N. R. to permit  
8 that crown corporation to undertake without delay the  
9 execution of reconstruction work on the roadbed of the  
said railway.

10 d) Lake St. John District - Future Expansion

11 Program

12 In view of the future expansion of the Lake  
13 St. John area, and to facilitate better balanced regional  
14 development, the regional Chamber of Commerce of the Lake  
15 St. John district is of the opinion that the Department  
16 of Transport should foresee for the next twenty-five  
years:

17 1. The construction of a railway between the  
18 St. Maurice valley and Lake St. John, as recommended  
19 by the La Tuque Chamber of Commerce and supported by the  
20 Lake St. John Chambers;

21 2. The construction of a belt-line railway  
22 around Lake St. John so as not to hinder the economic  
23 development of the area.

24 2 - MARITIME SERVICE:

25 Chicoutimi is a regional sea port, it should  
26 therefore enjoy adequate port facilities. Since the  
27 opening of the St. Lawrence Seaway, it has become urgent  
28 to provide for the widening of the channel to Chicoutimi  
29 to facilitate the arrival of larger tonnage vessels.  
30





1  
2 In 1958, more than 66,975,126 gallons of oil and gaso-  
3 line, not counting a large volume of other goods, were  
4 discharged at Chicoutimi; in 1959, this petroleum  
5 traffic increased about 11 per cent, to about 80,000,000  
6 gallons.

7 3 - AIR SERVICE:

8 We repeat our request that the travelling  
9 public benefit from an air service enabling them to go  
10 and return the same day between Bagotville and Montreal.  
11 We are advised that T. C. A. will put such a schedule  
12 in force during April, 1960. If T. C. A. grants our  
13 request, which has been made repeatedly, we believe  
14 this schedule should be maintained permanently in order  
15 to assure its profitable operation. Likewise, we rec-  
16 ommend that the travelling public of the region should  
17 have priority over Quebec for seats on the Bagotville-  
18 Quebec-Montreal plane and between Montreal and  
19 Bagotville.

20 4 - TRUCK SERVICE:

21 Following the example of rail service, we  
22 recommend that for truck transportation a regional  
23 depot should be laid out for clearance of trucks through  
24 customs.

25 Actually, the closest such depot is at Quebec,  
26 constituting a serious shortcoming for our region.

27 CONCLUSIONS

28 Subject to the foregoing, we arrive at the  
29 following conclusions:

30 1 - C. N. R.

a) Reconstruction of the roadbed.







1  
2 b) "pick-up and delivery" service  
3 c) "Piggyback" service  
4 d) Program of future expansion for the  
5 Lake St. John area.

6 2 - ROAD NETWORK:

7 No special recommendation because this is  
8 under provincial jurisdiction.

9 3 - AUTOBUS SERVICE:

10 No special recommendation (a question of  
11 provincial jurisdiction)

12 4 - AIR SERVICE:

13 Maintenance of the Bagotville-Montreal flight,  
14 with departure in the morning and return in the evening;  
15 priority for passengers from the region for seat reser-  
16 vations.

17 5 - MARITIME SERVICE:

18 Widening of the channel to Chicoutimi so that  
19 that port can meet the new demands caused by the St.  
20 Lawrence Seaway.

21 6 - TRUCK SERVICE:

22 A regional customs depot for clearing goods  
23 through customs.

24 Respectfully submitted,

25 The Regional Chambers of Commerce of the  
26 Saguenay and Lake St. John Districts.

27 Maurice Paradis,  
28 President

29 Ernest Dauphinais, P.E.,  
30 President.

Refer to the appendix for the suggestions of  
certain local Chambers.





A P P E N D I X

1. The Arvida Chamber of Commerce (See brief attached)
2. The Chicoutimi Chamber of Commerce:

STATION - FAIRWEATHER PLAN - LEVEL CROSSINGS

The Chicoutimi Chamber of Commerce is of the opinion that complete reconstruction is necessary for the Chicoutimi station, which is becoming more and more antiquated. The realization of the proposals of the Fairweather plan would be the ideal occasion for constructing a station capable of replying to the needs.

The application of this Fairweather plan would remedy at the same time, in addition to other advantages which would accrue, a situation which has become intolerable - namely the some fifteen level crossings scattered across the course of the railway in the limits of the city of Chicoutimi.

It would also be opportune to know on what we can count regarding the means of realizing the Fairweather plan, as advocated by the former Vice-President of the C. N. R.

3. The Chicoutimi North Chamber of Commerce:

PROPOSED RAILWAY - SAGUENAY - NORTH SHORE

The Chamber of Commerce of Chicoutimi North repeats its desire, already made to federal authorities, to see a study made by the research department of the C. N. R. on the advisability of constructing a railway to link the Saguenay - Lake St. John region with the lower north shore of the St. Lawrence.

4. The Bagotville Chamber of Commerce:





MARITIME SERVICE

The Bagotville Chamber of Commerce is of the opinion that better port facilities should be available at the government wharf in Bagotville to meet the needs of coasters.

5. The Jonquiere Chamber of Commerce:

CUSTOMS OFFICE FOR LAPOINTE COUNTY

Because of the relationship between transportation and customs, the Jonquiere Chamber of Commerce is of the opinion that a customs office should be established in Lapointe county.







THE ARVIDA CHAMBER OF COMMERCE

In reply to the request of Mtre. Ross Droin, Q.C., relative to the brief to be submitted by the province of Quebec to the Royal Commission of Inquiry on problems of rail transport and other connected subjects, the Arvida Chamber of Commerce desires to make the following comments:

We believe express service is adequate.

As regards freight, it is decidedly often very late and the rates are too high for "l.c.l." (less than carload) service. In fact, our region is definitely disfavoured in this respect. We believe the reason lies in the fact that we do not benefit from "pick up and delivery" service for l.c.l. freight shipments, as do other regions of the province as well as Ontario.

The tariff rate C. N. R. CT-28-1, CTCE 2604 applying to the above-mentioned regions includes "pick up and delivery," and this at a lower rate than corresponding rates in force for our region, which excludes "pick up and delivery".

For example: Class 100 - Toronto to Quebec, a distance of over 500 miles, \$2.60 per 100 pounds, including "pick up and delivery", compared with a class rate of \$3.26, excluding "pick up and delivery", from Toronto to our region, and this for the same distance. (The present rail rates from Toronto to Arvida are \$3.81, excluding "pick up and delivery", and \$4.17, including "pick up and delivery" by truck for goods belonging to class 100 - i.e., first class).

Whereas the above-mentioned rate and other





1  
2 similar ones, were introduced to compete with truck  
3 transportation, and that the rates published by the  
4 truckers are also based on the competition existing  
5 between them and the railways.

6 Whereas the railways, rather than seeking to  
7 intensify this competition in l.c.l. shipments, appear  
8 on the contrary to be seeking to discourage these  
9 shipments by charging exorbitant rates.

10 Whereas the customers no longer want, or are  
11 no longer equipped to make or take delivery of these

12 Whereas the actual difference between the rates  
13 applicable to our region and those of other regions of  
14 the province and Ontario prejudices our commerce and  
15 industry.

16 Whereas, when the railway was the only means  
17 of transportation serving our region, we welcomed  
18 the inception of other modes of transport to create a  
19 salutary competition. Now that the trucking industry is  
20 well established in our region, it would be preferable  
21 that the C. N. R. intensify competition rather than  
22 the contrary.

23 Whereas our region is distant and receives  
24 no subsidy relative to transportation.

25 We request the Royal Commission of Inquiry  
26 to extend "pick up and delivery" service to our region  
27 in order to permit our commerce and industry to compete  
28 with other regions of the province and country.

29 RIGHT OF WAY: The travelling public has many  
30 reasons to complain of the lack of comfort on passenger







1  
2 trains. It goes without saying that the principal reason  
3 stems from the fact that the course of the line between  
4 Montreal and our region is marked by many curves, which  
5 are more or less pronounced.

6 The Chamber recognizes that the engineers who  
7 built this line more than half a century ago followed  
8 the easiest course because, with the machinery and equip-  
9 ment available at that time, it would have been prohib-  
10 itive to have chosen a more ideal route, or it would have  
11 been necessary to have excavated, etc.

12 Our Chamber believes, however, that today with  
13 modern machinery and equipment for this type of con-  
14 struction, the C. N. R. should re-survey this line and  
15 effect the improvement which has been long desired by the  
16 general public.

17 GENERAL: We believe that the other modes of  
18 transportation are providing adequate service.

19 The Arvida Chamber of Commerce

20 If there is any cross-examination, may I  
21 suggest that the president of the Chamber of Commerce  
22 might be the one best qualified to answer these questions,  
23 if you have no objection.

24 DAUPHINAIS, Ernest, called.

25 CROSS-EXAMINATION BY MR. CUMMING:

26 Q. I have just one question that I wanted  
27 to ask Mr. Dauphinais. On pages 6 and 7 of this brief,  
28 you make certain recommendations for the improvement  
29 of the roadbed and the expansion of certain local lines.

30 What I wanted to ask you was this. Is it the view  
of your organization that, if such local services of





1  
2 the railways proved to be unremunerative, your assoc-  
3 iations think that they should be subsidized?

4 A. Mr. Cumming, in regard to rail transport-  
5 ation, we look at it from two different aspects:  
6 passenger services on the one hand and freight services  
7 on the other. As regards passenger services, we have  
8 reason to believe that certain lines are perhaps not  
9 profitable, but nevertheless they are necessary  
10 because of the public interest or because of the require-  
11 ments of passengers. On the other hand, as far as goods  
12 traffic is concerned, we believe that, if the Canadian  
13 National Railways, the company that serves our district  
14 at present, should try just as hard to obtain business  
15 as is presently being done by the competitive transport-  
16 ation companies, I think it would be quite possible to  
17 prove that this service would be remunerative. Does  
18 this answer the question you asked, sir?

19 -

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21

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1  
2 Q. Well, in relation to passenger traffic,  
3 which you say may, in your view, in some instances,  
4 not be profitable but should, nonetheless be maintained,  
5 in the public interest, do you think that it should be  
6 subsidized locally, if it is to be continued?

7 A. We do not recommend, sir, that subsidies  
8 should be granted to the railway in order to make up  
9 for operating deficits in passenger service.

10 MR. CUMMING: Thank you. That is all I have  
11 to ask.

12 THE CHAIRMAN: Mr. Hume?

13 MR. HUME: Thank you, Mr. Chairman.

14 CROSS-EXAMINATION BY MR. HUME:

15 Q. Mr. Dauphinais, my name is Hume and I  
16 represent the Canadian Trucking Associations, and I  
17 have one matter.

18 On page 7 you refer to a regional depot for  
19 the clearance of trucks through customs?

20 A. Yes.

21 Q. And you mentioned that the closest depot  
22 is in Quebec?

23 A. That is right.

24 Q. Well, Mr. Dauphinais, is it not possible  
25 for any person in your area to establish such a customs  
26 clearance warehouse and then approach the appropriate  
27 department in Ottawa for permission to operate it?

28 A. Yes, that is what we believe. We believe  
29 that the regional trucking association or any other  
30 big trucking company or body might undertake the operation







1  
2 of a warehouse or depot of this kind and might then try  
3 to approach the department in Ottawa in order to get  
4 the customs clearance facilities. That is what we had  
5 in mind when we mentioned this point in our brief.

6 Q. I take it, then, Mr. Dauphinais, that  
7 you don't suggest to this Commission that they should  
8 take any action, but you are drawing it to the attention  
9 of the Commission in the hope that someone may see fit  
10 to open such a warehouse and apply to the appropriate  
11 authorities?

12 A. That is right.

13 THE CHAIRMAN: In other words, it is just  
14 a hint.

15 MR. HUME: Q. The Chairman says, Mr.  
16 Dauphinais, it is just a hint.

17 A. Yes, indeed, it is perhaps just a hint.  
18 On the other hand, however, the Royal Commission  
19 Inquiry may perhaps make a recommendation to the federal  
20 authorities concerned when it presents its report.  
21 It might present to the proper authorities the problems  
22 involved in the introduction of a warehouse or depot  
23 of this kind.

24 Q. Thank you, sir. May I just conclude by  
25 asking you whether or not you feel that your area is  
26 adequately served by truck companies?

27 A. Yes, indeed, it is excellently served  
28 by the truck service.

29 THE CHAIRMAN: Mr. Doherty?

30 MR. DOHERTY: No questions.

THE CHAIRMAN: Mr. Frawley?





1  
2 CROSS-EXAMINATION BY MR. FRAWLEY:

3 Q. Mr. Dauphinais, I represent the province  
4 of Alberta. Naturally, I have no particular interest  
5 in your region, but there were just one or two things  
6 of a general character that interested me, and I thought  
7 I would like to ask you about them.

8 Now, I would like to follow up what my friend,  
9 Mr. Hume, was discussing with you a moment ago. You  
10 know about the building of warehouses for highway  
11 traffic, do you?

12 A. Really not. I really don't know anything  
13 about - if I understand the meaning of your question,  
14 sir, the warehouses - I didn't quite get, I am afraid,  
15 what the question was.

16 Q. It seems to me to be difficult how you  
17 could operate a very effective truck transportation  
18 system without the facilities of inland warehouses.

19 A. We do locally have central warehouses for  
20 trucks, but what we lack is a depot where the customs  
21 could clear traffic arriving, say, from the United  
22 States. But at the present time we have to take goods  
23 right to Quebec. in order to have these goods cleared.

24 Q. That is exactly what I am talking about,  
25 Mr. Dauphinais. I will tell you how it operates in  
26 the province of Alberta. The goods by highway come in  
27 from the south and there are inland warehouses for the  
28 clearance of goods coming in by highway as far inland  
29 as one hundred miles, one hundred fifty miles. The goods  
30 come in in bond and they are not cleared until they







1  
2 get to their destination. But the responsibility and  
3 the initiative for that sort of thing, for the construc-  
4 tion of those warehouses, is with the department of  
5 transportation, and I am just wondering how far you have  
6 pressed for the construction and the licensing of these  
7 warehouses. Now, how far have you pressed your  
8 principal highway transporters for that kind  
9 of service?

10 A. Up to now, sir, I must confess that no  
11 such action or such pressure was put upon these local  
12 transportation authorities for the construction of  
13 warehouses. The question was brought out when the  
14 brief was prepared, just quite recently, in fact.  
15 After we have presented our brief to this Commission  
16 and in accordance with the decisions that will be  
17 taken, I am quite sure that Chambers of Commerce or  
18 other bodies will be in touch with the highway author-  
19 ities in order to see to what extent such warehouses  
20 could be established, but so far nothing has been done.

21 Q. I could tell you if you do not know that  
22 all the important people of the Canadian Trucking  
23 Associations have arrived in Quebec, and before they  
24 go perhaps you will speak with them.

25 THE CHAIRMAN: Any citizen, Mr. Frawley,  
26 may apply for a licence to carry on the warehouse.

27 MR. FRAWLEY: Oh, yes, I imagine so, but  
28 it isn't as profitable to the ordinary citizen as it is  
29 to the large highway transporter.

30 THE CHAIRMAN: We would be obliged if  
Mr. Dauphinais made that request to the department and





1  
2 advised us as to that.

3 MR. DAUPHINAIS: We will do.

4 MR. FRAWLEY: Q. Now, I have only one more  
5 question, Mr. Dauphinais. Going to page 11 of the  
6 French text, I see there one of your conclusions is  
7 that you want the Canadian National to give you pick up  
8 and delivery service. Are you telling the Commission that  
9 you have no pick up and delivery service in either  
10 region?

11 A. Yes, Mr. Frawley, at the present time  
12 we do not enjoy such a pick up and delivery service in  
13 our district.

14 THE CHAIRMAN: Mr. Sinclair?

15 MR. SINCLAIR: No questions.

16 THE CHAIRMAN: Mr. Macdougall?

17 MR. MACDOUGALL: Yes, thank you, Mr. Chairman,  
18 I have a few questions to put to Mr. Dauphinais.

19 CROSS-EXAMINATION BY MR. MACDOUGALL:

20 Q. Firstly, Mr. Dauphinais, on the matter of  
21 pick up and delivery services, they do not presently  
22 exist in your area. Are you aware, sir,  
23 that at the present time the Canadian National is making  
24 an extensive development in respect of what we call  
25 merchandise service, which is a small package business,  
26 both l.c.l. freight and express, seeking to provide  
27 not only a more convenient method of handling this type  
28 of commodity but one which will enable us to compete  
29 more effectively with other forms of transportation,  
30 and included in that study is the whole question of







1  
2 pick up and delivery services, where they should be  
3 established and how they should be organized in the  
4 metropolitan and small metropolitan areas of Canada,  
5 including your district?

6 A. From the point of view of both the rail  
7 and the road traffic, I am not an expert on these  
8 questions. However, I have heard it mentioned, as  
9 you said, that the Canadian National Railways are  
10 at present thinking of extending the pick up and delivery  
11 service. However, I was not aware of the fact that our  
12 district was already included in that study program.

13 Q. Well, perhaps it would be of some comfort  
14 to your organization that that is a fact; and not only  
15 has the matter of pick up and delivery in your area  
16 been actively studied by Canadian National, but your  
17 region is included in the general studies which are  
18 going forward in connection with co-ordinated service  
19 to serve various areas.

20 A. We are very glad to learn about it.

21 THE CHAIRMAN: That will be good news to  
22 you, Mr. Dauphinais.

23 MR. DAUPHINAIS: Yes, Mr. Chairman.

24 MR. MACDOUGALL: Q. Now, you referred to the  
25 piggyback services, and am I correct in taking from  
26 your brief that your Chamber of Commerce would welcome  
27 extension of the piggyback and co-ordinated rail-  
28 highway services in the Chicoutimi area?

29 A. My answer to your question would be  
30 yes. However, perhaps not in the sense in which you  
might expect or assume. We foresee in the application







1  
2 of the piggyback service an opportunity for our trucking  
3 service to reduce transportation rates for certain  
4 goods. That is essentially why we have included in  
5 our brief this mention of the piggyback service,  
6 because, on the other hand, from the point of view of  
7 rapid services I do not think that piggyback service  
8 would improve the present services and speed of the  
9 present services; it would simply show how to reduce  
possibly transportation rates.

10 Q. You would hope by the extension of the  
11 piggyback service not only an improvement of service  
12 but an improvement in your competitive rate situation?

13 A. That is quite it, sir.

14 Q. I presume also, Mr. Dauphinais, in respect  
15 of piggyback services, you are principally interested  
16 in the movements between your area and Montreal and  
17 generally west of there as opposed to just Montreal,  
Quebec.

18 A. I believe that our highway network  
19 extends beyond Quebec and Montreal at the present time.  
20 I can't give you, I am afraid, exact figures or compar-  
21 ative figures as concerns the arrival of goods from  
22 various places. However, I am quite convinced that  
23 a certain percentage of such goods come from farther  
24 west than Montreal; in fact, even in Ontario.

25 Q. It is western Canada, Ontario, Quebec,  
26 west of Montreal, where you would be seeking to increase  
your piggyback service?

27 A. Certainly.





1  
2 Q. Just one other point. You refer on page  
3 6 of the English copy of your brief to the problems  
4 of the railway lines between Montreal, Quebec and  
5 Chicoutimi. You draw a conclusion there that, because  
6 there has been a record of damage to newsprint paper  
7 moving from the Lake St. John area to United States'  
8 consumers, that this is a piece of evidence which  
9 directly points to its being a poor railway line. I  
10 believe that generally states the proposition you make  
11 here?

12 A. Yes, that is quite correct.

13 Q. In that connection, sir, I would just  
14 like to make this comment, perhaps more for your  
15 information than anything else. The Canadian National  
16 Railway itself is extremely concerned about the damages  
17 to newsprint moving from this area, and we presently  
18 have in being an active committee of representatives  
19 of the Canadian National Railways and the newsprint  
20 industry in your area, who are seeking ways and means  
21 to improve the damaged paper situation, not only because  
22 of the expense of the claims involved, but because of  
23 the very real damage that injuries to newsprint do  
24 to your own region and to the competitive position of  
25 the mills with suppliers in the United States. I  
26 want you to be aware that we know that it is a serious  
27 problem and we are actively working with the industry  
28 to improve it. In that connection, you would also be  
29 interested in the fact that in January and February  
30 of this year we conducted tests of the newsprint moving  
from your area to the United States by means of putting







1  
2 impact reporters in the cars to discover, if they  
3 could, where the rough handling was occurring which  
4 was damaging paper. In those two months we recorded  
5 thirty-four impacts, which would be movements of over  
6 four miles an hour, and of those thirty-four impacts  
7 eight occurred on the Canadian National Railways line  
8 between Chicoutimi and the American border and twenty-  
9 six occurred over the border in the United States.  
10 Of the eight which occurred in Canada on our lines  
11 between Chicoutimi and Lake St. John area and the  
12 United States border, five of these eight impacts  
13 were at five miles an hour and three at six miles  
14 an hour, whereas of the twenty-six that occurred on  
15 foreign lines, the impacts were fifteen at nine miles  
16 an hour and eleven at seven miles an hour. That  
17 information I give you just to show that it is perhaps  
18 not entirely correct, but rather conclusive, because  
19 the paper is damaged in transit. I quite agree that  
20 the lines are excessively curvy and in some places  
21 have difficult grades, but the studies carried out by  
22 the industry and the railroad indicate that there are  
23 many more aspects to the problem of the damaged paper  
24 than the configuration of the line between the Lake  
25 St. John area and Montreal and Quebec. This is quite  
26 a long speech. But I thought your organization would  
27 be interested in the efforts being made to deal with  
28 the problems. Perhaps you are aware of them?

26 A. I thank you for the comments you have  
27 just made. I am glad you have told us about the efforts  
28 the railway is carrying out to remove the difficulties  
29  
30





1  
2 that exist. But I would like to say that we must  
3 recognize that in the area, when you have gone on these  
4 passenger train services several times and you consider  
5 that it takes twenty-four hours to go from Chicoutimi  
6 to Montreal, a distance shorter than Montreal to  
7 Toronto, we can then assume that the slowness of the  
8 train between Chicoutimi and Montreal -- either the  
9 passenger service or the freight service -- is largely  
10 due to the fact that the railroad bed itself is such  
11 that greater speeds cannot be undertaken. We assume,  
12 having been passengers on this, that it is a very  
13 difficult track. I appreciate the studies which you  
have undertaken and I thank you for them.

14 THE CHAIRMAN: Mr. Macdougall, did the  
15 railway employees know that the impact recorders  
16 were there?

17 MR. MACDOUGALL: That is part of the impact  
18 system, that they are aware that the recorders are in  
the cars.

19 COMMISSIONER BALCH: I might say that they  
20 do not always know, and it speaks well for the Canadian  
21 National Railways men in the results that you gave us,  
22 because the clock is usually put in there and the  
23 trainman is not usually advised. They generally get  
the tipoff from the yards.

24 MR. MACDOUGALL: My point was this. It is not  
25 always possible to inform every employee of the fact  
26 that the recorders are in there, but no attempt is  
27 made to hide the fact from the operating employees  
28 that the impact recorders are being used. They may not  
29  
30







1  
2 know the details, but they know that there is a check  
3 being made.

4 COMMISSIONER BALCH: I think it is a pretty  
5 good record you have read, Mr. Macdougall.

6 MR. MACDOUGALL: Q. If I may make one other  
7 comment, in your appendix you refer to the Fairweather  
8 plan, which is commented on by the Chicoutimi Chamber  
9 of Commerce in connection with the possibility of the  
10 reconstruction of the station at Chicoutimi and the  
11 elimination of level crossings in that city. Perhaps  
12 you would agree with me if I were to explain a little  
13 about the Fairweather plan for the benefit of this  
14 Commission so that they will be informed as to just  
15 what this is about?

16 A. Go ahead.

17 Q. Mr. Fairweather was a distinguished vice-  
18 president of the Canadian National Railways, as the  
19 Chairman and others well know, and I think that the  
20 so-called Fairweather plan is the result of discussions  
21 between Mr. Fairweather and members of your community,  
22 Mr. Dauphinais, seeking to develop the industrial  
23 potential of the Lake St. John area by means of the  
24 relocation of the trackage, so as not only to eliminate  
25 the trackage passing through the city and over level  
26 crossings but at the same time to relocate it outside  
27 the city in more desirable industrial lands with a  
28 view not only to eliminating the crossings but with  
29 further industrial development of the Lake St. John  
30 area in mind -- you would agree with that?

A. It is exactly so.







1  
2 Q. I think the implementation of the Fair-  
3 weather plan, which you speak of also, on that page,  
4 asking when you might count on its being further pro-  
5 gressed, you will perhaps agree with me that it depends  
6 pretty much on the ability not only of the railroad  
7 but your Chamber of Commerce and others to interest  
8 necessary industry to develop in the areas in which we  
9 think the line should be relocated, so that the whole  
10 project can be made an economic one from the point of  
11 view of industry and the railway and at the same time  
12 obtain the ancillary benefits of relocating the grade  
13 crossings, which would flow from it.

14 A. There are some level crossings where there  
15 are no traffic lights. We have always been told that  
16 a plan of rebuilding the railway was to be put into  
17 effect quite shortly in order to eliminate rail  
18 traffic through the city. Today we are told, "Why  
19 don't you build your industry near the railway?" The  
20 industry is not interested in this. When we are all  
21 in our graves, the level crossings will be eliminated.

22 Q. I think it is fair to say that during  
23 these past two years there have been a number of  
24 industries which have relocated their facilities in  
25 the areas to permit this trackage relocation. Further,  
26 do you agree that that has been the case? You are  
27 aware that we have been negotiating with industries  
28 to attempt to effect relocation of the trackage?

29 A. Without having precise thoughts on the  
30 matter, we have some information on it, and we take it  
that is true, that you had negotiations of this kind.





1  
2 Q. If these negotiations do not succeed,  
3 your redress is to go to the Board of Transport Com-  
4 missioners and ask that they be eliminated?

5 A. We have had such recourse a number of  
6 times. The local Chamber of Commerce has gone to the  
7 Board of Transport Commissioners. The central  
8 condition imposed on us was not the relocation of  
9 industry but it was an adequate zoning of territories  
10 -- zoning industrial and residential -- in order not  
11 to permit industrial lands to be wasted. A zoning  
12 plan has been developed and it has been found ac-  
13 ceptable by the authorities. Certain requirements  
14 were laid down by the C. N. R. almost two years ago.  
15 We presented ourselves to the C. N. R., but  
16 Mr. Fairweather was not there, because he had retired  
17 by then. We have not had any positive reply, unfor-  
18 tunately.

19 MR. MACDOUGALL: I doubt if it would be  
20 particularly helpful to the Commission to extend this  
21 discussion, but I wish to assure you that if your  
22 Chamber and the authorities in the Chicoutimi area,  
23 working in conjunction with the railroad, are able  
24 to do the necessary industrial rezoning that might be  
25 required, and together we are able to interest  
26 industrial organizations in locating in the area where  
27 the trackage might be relocated, that we have every  
28 interest in eliminating the level crossings and  
29 relocating the trackage as much as you, and we are  
30 willing to work hard with you to that end.







1  
2 BY COMMISSIONER GOBEIL:

3  
4 Q. You will recall that yesterday the  
5 provincial representatives suggested that certain lines  
6 which were running at deficits might be eliminated  
7 and that other means of communication should serve  
8 the regions involved, so that the regions would have  
9 adequate transport facilities. In the case of passenger  
10 services between Quebec and Chicoutimi, would a service  
11 be justified, that is, the service between Chicoutimi  
12 and Quebec? Would it be profitable and justified?

13 A. Yes, Mr. Gobeil. A passenger service  
14 between Quebec and Chicoutimi does indeed exist. It is  
15 a daily service which leaves Chicoutimi in the evening  
16 and reaches Quebec the next morning, and there is also  
17 a service three times a week, which leaves Chicoutimi  
18 in the morning and reaches Quebec in the evening. We  
19 have been told quite recently that we envisage the  
20 possibility of eliminating the daily service by train  
21 in favour of the other service, either bus service or  
22 air service. I do not think there are any objections  
23 in our area as regards the daytime service, because  
24 we realize the trains are not used very much. I would  
25 not say the same thing, however, with regard to the  
26 nighttime services between Chicoutimi and Montreal, in  
27 particular, because our train leaves the Saguenay and  
28 goes to Montreal, and it is a branch which goes to  
29 Quebec. Businessmen use the railways a great deal to  
30 go to Montreal and do not lose a lot of time travelling.





BY COMMISSIONER MANN:

Q. Mr. Dauphinais, at page 3 of the English translation of your brief, in the very first sentence on the page, you say:

"All roads are open winter and summer."

Are there any weight restrictions during the spring on the highways?

A. Yes, there are weight restrictions on the highways for heavy traffic. Usually these restrictions are imposed in April and last about a month through early spring, and this is applicable to all the highways around the St. John region as well as those going from the Saguenay out.

Q. At one part of your brief you speak about the navigation season, which you say opens in mid-April and closes on the first of December. Would it be helpful if you had a longer navigation season?

A. Yes, indeed. It would be very useful, particularly because of the tonnage handled by the navigation services. You have seen in our report the tonnage handled by Port Alfred, which is an industrial sea port, and the tonnage handled by Chicoutimi, particularly in petroleum products.

Q. Is the opening of the navigation season at the port of Quebec helpful to the Saguenay region?

A. I cannot really reply to tell you to what extent the economy of the Saguenay, what influence it has had. I think it has had a certain influence on our area. I have heard that certain amounts of





1  
2 newsprint have gone to Quebec to be sent abroad  
3 during the winter months, but I cannot give you any  
4 exact figures on this. We have had reports on this.

5 Q. If the winter had been longer, would  
6 your tonnages have been cut down a considerable amount?

7 A. It is Port Alfred which handles newsprint.  
8 Port Alfred, of course, has continued to export this  
9 newsprint from its own port rather than sending it  
10 to Chicoutimi.  
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1  
2 Q. Mr. Dauphinais, you have an extremely  
3 good line of competitive rail rates into the Lake St.  
4 John area, have you?

5 A. Yes. These rates are competitive for  
6 a number of goods, for a number of products, and the  
7 preferential rates which we enjoy in certain cases  
8 are, of course, applicable to a specific product or  
9 to a specific company, as happens elsewhere about  
10 this.

11 Q. And they are being extended over many  
12 more commodities as the truck competition to the railways  
13 becomes stronger; is that right?

14 A. Yes, I believe that is quite true, sir.

15 Q. And do you have any pool car service  
16 from Toronto to Montreal into the Chicoutimi region,  
17 into the Lake St. John region?

18 A. I suppose that by pool car service you  
19 mean a freight car that is less than one carload. When  
20 it arrives in Chicoutimi or elsewhere in the region  
21 the delivery is then carried on by trucks. Pool car  
22 service then makes the delivery, actual delivery by  
23 truck. Is that right? That is how I understand it.  
24 At any rate, we have a pool car service where the  
25 actual deliveries are made by trucks.

26 Q. Yes, a pool car service is simply a kind  
27 of service which forwards less than carload shipments  
28 in usually a rail car or a truck, and is done by a  
29 party which is not necessarily the owner of the goods  
30 but acts purely as an expeditor. Do you have any such  
services?





1  
2 A. I think I can say that we do have it at  
3 Jonquiere. I do not know if it exists anywhere else  
4 in the area. If you would like me, in order to reply  
5 to your question, I may ask an expert in trucking  
6 matters who is present here in this room. He may  
7 perhaps give you additional details on your question.

8 The answer, I think, is that there is such a  
9 service at Jonquiere.

10 Q. The less than carload services are actually  
11 being taken care of by forwarding services rather than  
12 the services of the railway?

13 A. Yes.

14 Q. Just one more question, Mr. Dauphinais.  
15 You say that the C. N. R. should be able to attract  
16 additional revenues through the operation of piggyback  
17 service. When you have piggyback service in mind, are  
18 you thinking of piggyback as the movement of railway-  
19 owned truck-trailers or the movement of truck-trailers  
20 owned by for-hire carriers that may be serving the area.

21 A. What we had in mind, sir, was that truck-trailers  
22 of the big trucking companies should be able to use  
23 the railroads for long distance, long haul transportation,  
24 remaining, of course, the owners of their own trailers.

25 COMMISSIONER MANN: Thank you.

26 THE CHAIRMAN: Thank you very much,  
27 Mr. Dauphinais. I think there is some prospect of  
28 co-operation to a greater degree between yourselves and  
29 the railways.

30 I thank you very much for your submission.

MR. ARCHAMBAULT: Mr. Chairman, I was asked







1  
2 by the chairman Saguenay section of our association  
3 to put a few questions to Mr. Dauphinais.

4 THE CHAIRMAN: I am afraid not. What did  
5 you want exactly?

6 MR. ARCHAMBAULT: The chairman of the Saguenay  
7 section of the Trucking Association of Quebec wishes  
8 to ask a few questions about this statement that  
9 Mr. Dauphinais made.

10 THE CHAIRMAN: Well, I would suggest this,  
11 that if we permit that we don't know where we are left  
12 in our hearings; but if you wish to put a witness in  
13 the stand you are at liberty to do it. You can call  
14 the chairman of the Saguenay trucking association as  
15 a witness when you present your case.

16 MR. ARCHAMBAULT: Thank you very much.

17 MR. DAUPHINAIS: Mr. Chairman, may I thank  
18 you on behalf of the Lake St. John and Saguenay region  
19 for the kindness with which you have listened to our  
20 brief, and I should like also to thank all those who  
21 have been good enough to ask questions in order to  
22 clarify the various points raised in our brief. We  
23 have been encouraged by the comments we have heard,  
24 and we have very much hope, and we are glad to see  
25 that many of the problems we have are understood.

26 THE CHAIRMAN: We will break for five  
27 minutes.

28 ---A short recess.

29 THE CHAIRMAN: Mr. Dauphinais?

30 DAUPHINAIS, Ernest, recalled.





1  
2 THE CHAIRMAN: Mr. Dauphinais, there were  
3 two questions and two only that were to be asked by the  
4 truckers. Would you please answer those questions?

5 MR. DAUPHINAIS: Yes.

6 BY MR. ARCHAMBAULT:

7  
8 Q. I represent the Trucking Association of  
9 Quebec, Mr. Dauphinais. You said in your testimony that  
10 there were certain restrictions for highway traffic  
11 during the month of April every year. When those  
12 restrictions are imposed on certain highways, do the  
13 trucks, nevertheless, maintain their service to the  
14 public satisfaction?

15 A. Yes, indeed, the trucks do continue their  
16 services, with a minimum of load, however. With certain  
17 deliveries between 20 and 25 tons of certain products,  
18 you have to wait until the roads have thawed. But the  
19 regular truck service for foodstuffs and other loads  
20 of this kind remains.

21 Q. Even when you have very heavy loads, do  
22 the truckers, nevertheless, still transport during  
23 April? Do you know of any industries which have suffered  
24 from a lack of service during that period in your area?

25 A. Yes, indeed. I shall only mention the  
26 construction industry with which I am concerned and in  
27 which we have an important construction and we need  
28 delivery of equipment, steel, or we need machinery for  
29 excavating, and so on. If delivery were to be made in  
30 April, then, of course, the highway cannot be used  
because that equipment is too heavy and it is not





1  
2 permitted to have those loads on the highway then.

3 Q. Are you aware that on route No. 54  
4 between Quebec City and Chicoutimi, since last year  
5 there is no restriction on heavy hauling in the spring-  
6 time?

7 A. We were obliged to have two deliveries of  
8 heavy goods carried by the railway because the restric-  
9 tions imposed during 1958 and previous years prevented  
10 the transportation of this by highway.

11 Q. My second and last question is this one,  
12 Mr. Dauphinais. You have said that there was no customs  
13 depot in Chicoutimi.

14 A. Yes, indeed.

15 Q. Is it not true that three months ago they  
16 received a licence to open a customs depot and it is  
17 now in operation in Chicoutimi? In order to help you  
18 to answer this, this depot is named the Chicoutimi  
19 Import Terminal Limited.

20 A. Yes, that is perhaps the case, but  
21 officially the Chamber of Commerce have never been  
22 informed that such a request for permit was ever made,  
23 the licence, and we were not informed that the service  
24 was being offered when we were preparing our brief  
25 about seven weeks ago. I believe that at the time I  
26 can safely say that no service of this kind was open  
27 to the public. Since then you are telling me that  
28 four weeks ago a customs depot was put into operation.  
29 I, of course, must believe this since I am told about  
30 it by a member of a company involved.

Q. As far as I understand, you also represent







1  
2 the Chamber of Commerce in Lake St. John?

3 A. No, sir, I do not represent the Chamber  
4 of Commerce in Lake St. John. The president of Lake  
5 St. John was obliged to leave last night.

6 THE CHAIRMAN: I think, Mr. Archambault,  
7 answers to the questions have been given.

8 MR. DAUPHINAIS: Thank you, Mr. Chairman.  
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1  
2 SUBMISSION OF  
3 CHAMBER OF COMMERCE OF LAKE ETCHEMIN  
4

5  
6 Appearances:

7 Dr. J. A. Talbot, President  
8

9  
10 DR. TALBOT: My name is Jules A. Talbot,  
11 president of the Chamber of Commerce of Lake Etchemin.

12 Mr. Chairman and members of the Royal  
13 Commission, we have followed with the greatest interest  
14 your trip to the maritime provinces, and we have con-  
15 cluded from the reports of your stay there in the  
16 newspapers that the complaints which were presented  
17 to you by the maritime provinces dealt with the very  
18 high freight rates, particularly also with the length  
19 of distance to be covered from the maritime provinces  
20 to the central provinces of Quebec and Ontario, which,  
21 of course, places the maritime provinces at an economic  
22 disadvantage to the other provinces. This is the same  
23 problem which leads us today to present to you the  
24 brief which we have prepared.

25 Mr. Chairman and members of the Commission,  
26 the Chamber of Commerce of Lake Etchemin wishes to  
27 present to you its views on the problems of transpor-  
28 tation between the maritime provinces and the other  
29 provinces of central Canada and offers its suggestion  
30 for a permanent solution to this definite problem.

We would like to restrict what we say to







1 problems of transportation by rail and/or highway, which  
2 interests us particularly.

3 Definition: We will define this problem here.  
4 The cost of transportation between the maritime provinces  
5 and the centrally located provinces of this country  
6 prohibits commercial exchange between them.

7 Nobody doubts that the cost of transportation  
8 between the maritimes and the centrally located provinces  
9 is high. Since this Commission has received numerous  
10 representations during its tour in the maritimes and the  
11 amount of subsidies, which are increasing substantially,  
12 and provided by the federal government, under the Maritime  
13 Transportation Act in 1927 has totalled more than \$185  
14 million for transportation by rail, demonstrates the high  
15 cost and it is not necessary for us to enlarge further  
16 on this point. If we must find a solution favourable to  
17 business between these large regions, this solution must  
18 be based upon the cost of transportation between them, as  
19 it is noted in the present case, the difference in cost  
20 between transportation and commercial difficulties shows  
21 the relationship of cause to effect.

22 Studies of the Factors Relating to Long Distance  
23 Hauls. 1. On freight-tariffs:

24 We know the distance increases the cost of  
25 transportation and the fact that distance to be travelled  
26 is the basis for determining the cost of transportation,  
27 based on weight, per ton mile.

28 As these factors are directly proportionate, it  
29 is evident that any increase in distance to be travelled  
30





1  
2 adds considerably in proportion to the cost of transpor-  
3 tation or, to the cost of transporting merchandise. The  
4 reverse is equally evident when the distance to be  
5 travelled is reduced and a reduction is effected in the  
6 freight rate.

7 If we are to find a permanent solution to the  
8 high cost of transportation between the maritimes and  
9 the centrally located provinces, we should try to reduce  
10 the distance to be travelled.

11 (2) On the desirability of tourist travel:

12 If we are to study the relation of these great  
13 regions, in terms of motor vehicle traffic, we will  
14 base our calculation on the desire to travel, which is a  
15 formula adopted with some success.

16 This formula is as follows: the desire to  
17 travel is equal to the number of people in the area, by  
18 the people in a second area, divided by the square miles  
19 of this area. The distance to be travelled in this case  
20 is a decisive factor; in fact, the product of these two  
21 areas, if the distance is reduced by 20 per cent, in-  
22 creases the desire to travel by more than 50 per cent  
23 and if the distance is reduced by 40 per cent, we increase  
24 the desire to travel by more than 200 per cent.

25 If the distance between the two regions is  
26 reduced by distance to be travelled it does increase the  
27 traffic between these two regions.

28 (3) Commercial relations:

29 Right now we can affirm without worry that if  
30 the distance by rail and highway between the maritimes and







1 the provinces which are centrally located could be  
2 reduced, this reduction would increase by large pro-  
3 portions commercial traffic between these regions as  
4 long as there is a variety in the products to be ex-  
5 changed.

6  
7 Possibilities of Reductions of Distance:

8 Is it possible to reduce the length of railways or  
9 highways between the maritimes and Quebec in particular?  
10 We believe it is possible.

11 On the attached table to our brief you will  
12 note that if a line is drawn between the geographic cen-  
13 tre of each of the economic regions of Quebec and the  
14 maritimes, and, if a rail line was constructed following  
15 as close as possible to this line, we would then obtain  
16 the shortest distance between these regions and the  
17 actual network of railways and communications would be:  
18 Quebec-Halifax, 520 miles; Quebec-Fredicton, 263 miles;  
19 Quebec-Saint John, N.B., 285 miles, etc. . . . since  
20 the actual distances and the shortest ones would be 697,  
21 395, 449 miles, which would be a reduction from 35 to  
22 40 per cent. It is possible to reduce these distances.

23 Diversity of Products: Are the products of  
24 these regions different? There is certainly enough  
25 diversity in the products to permit commercial exchange  
26 to be established on a high level and without elaborating  
27 on this question it is sufficient to name only a few to  
28 convince you in this regard.

29 For example: Prince Edward Island produces more  
30 than half of the potatoes used for seeding purposes in







1 this country, 45 per cent of Canadian canned chicken,  
2 a potato of international renown, a high quality beef,  
3 and the best bacon in the world.

4 Nova Scotia produces its pears, peaches,  
5 cherries, apples, and this latter of the very best qua-  
6 lity. Its fisheries produce lobster and salmon. Its  
7 mines produce gold, coal, manganese, tungsten, silver  
8 and salt, and about 80 per cent of the production of  
9 Canadian gypsum.

10 New Brunswick, which imports about 70 per cent  
11 of its food, furnishes the best lobster in the world,  
12 gypsum for the fabrication of wallboard, tungsten,  
13 petroleum, silica and marble comparable with the best  
14 imported from Italy.

15 In Quebec we find the dairy industry, maple  
16 sugar, timber for construction, pulpwood, iron, gold,  
17 zinc, zinc lithium, asbestos, titanite ore, lime,  
18 cement, aluminum and many manufactured products, tobacco,  
19 textiles, newsprint and confectioneries.

20 Ontario produces numerous agricultural pro-  
21 ducts, i.e. tobacco, soya beans, newsprint, furs,  
22 nickel, copper, iron, platinum, cement, cobalt, salt  
23 and many other manufactured products, as follows:  
24 automobiles, trucks, heavy machinery, agricultural  
25 implements, rubber, electrical appliances, radio and  
26 television, printing paper, bindery machines and  
27 industrial tools, etc. (Canada Today, published  
28 by the Banque Canadienne Nationale, April 1959). Can  
29 we still ask ourselves if there is diversity after such  
30





1 enumeration?

2                   Conclusions:     Now that we have shown you  
3 there is diversity in the products and the possibility  
4 pf reducing distances by road and rail, we must con-  
5 clude that this possible reduction of 35 to 40 per  
6 cent should lead to a proportional reduction in freight  
7 rates, which would amount tomore than the subsidies  
8 required.     It would also produce a more than propor-  
9 tional increase in commercial exchanges.     If to this  
10 we add the increase in the index of the desire to  
11 travel, we shall see, to mention only one example,  
12 that many Canadians who go to United States beaches for  
13 their holidays would go to the maritimes, where they  
14 would be able to enjoy, particularly in the Straits  
15 of Northumberland, the warmest sea water north of  
16 Florida.







1  
2 A through route between Quebec and the  
3 maritimes is a permanent solution and very definite  
4 towards the problem of transportation within these regions  
5 and in addition being an economic factor towards progress.

6 THE QUESTION OF SUBSIDIES:

7 The construction of this more direct rail line  
8 and highway would permit the federal government to  
9 abandon, if not almost immediately, at least on short  
10 notice, the system of subsidies which is only an  
11 artificial and non-progressive measure which will never  
12 satisfy completely and should be considered only tem-  
13 porary. These subsidies would be more than compensated  
14 for by the reduction in the order of 35 to 40 per cent  
15 in freight charges even if we ignore the increasing  
16 commercial traffic and the tourist trade which we expect  
17 which subsidies will never produce and never will be  
18 produced.

19 HISTORIC FOUNDATION.

20 If the Commissioners would be good enough to  
21 take notice of the report furnished in 1876 by Mr.  
22 Sanford Fleming, C. E., who was then engineer in chief  
23 of the Newfoundland Intercolonial and Canadian Pacific  
24 Railways, report entitled: "The Intercolonial", and  
25 submitted to the Hon. Alexander MacKenzie, Minister of  
26 Public Works, you see that the solution we now propose  
27 is not new but only a question of frontiers between  
28 the two countries, when a war stopped this project from  
29 being a reality and the actual problems were already  
30 envisaged at that time.

It is demonstrated that the direct route, as





1  
2 traced by Captain Yule in 1835, with a few changes,  
3 was the only one that offered commercial and economic  
4 advantages and that could operate on a profitable basis.

5 It has also been demonstrated that other routes  
6 which would be longer could not offer the same advantages  
7 and would give no satisfaction.

8 We should note in particular the words of  
9 Mr. Fleming:

10 "It was shown that no great proportion of through  
11 freight could under ordinary circumstances be  
12 profitably carried over the proposed railway..."

13 and

14 "The direct line would have also attracted certain  
15 branches of traffic which by the longer route must  
16 be carried at a loss or be repelled".

17 AGREEMENT WITH UNITED STATES:

18 This direct route would cross the state of  
19 Maine; however, we believe that with our dealings with  
20 our neighbour to the south it is possible that an under-  
21 standing could be concluded that would permit the  
22 construction of a railway and a more direct highway  
23 towards the maritimes in the same fashion as was possible  
24 in the construction of a highway towards Alaska.

25 CONCLUSIONS:

26 For all the reasons that we have submitted,  
27 Mr. Chairman and Commissioners, we would wish you to  
28 recommend in your conclusions the construction of a  
29 direct highway and a direct railway between Quebec and  
30 the maritimes as the only definite and permanent solu-  
tion to our grave transportation problems between these





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provinces as a factor for intense economic progress.

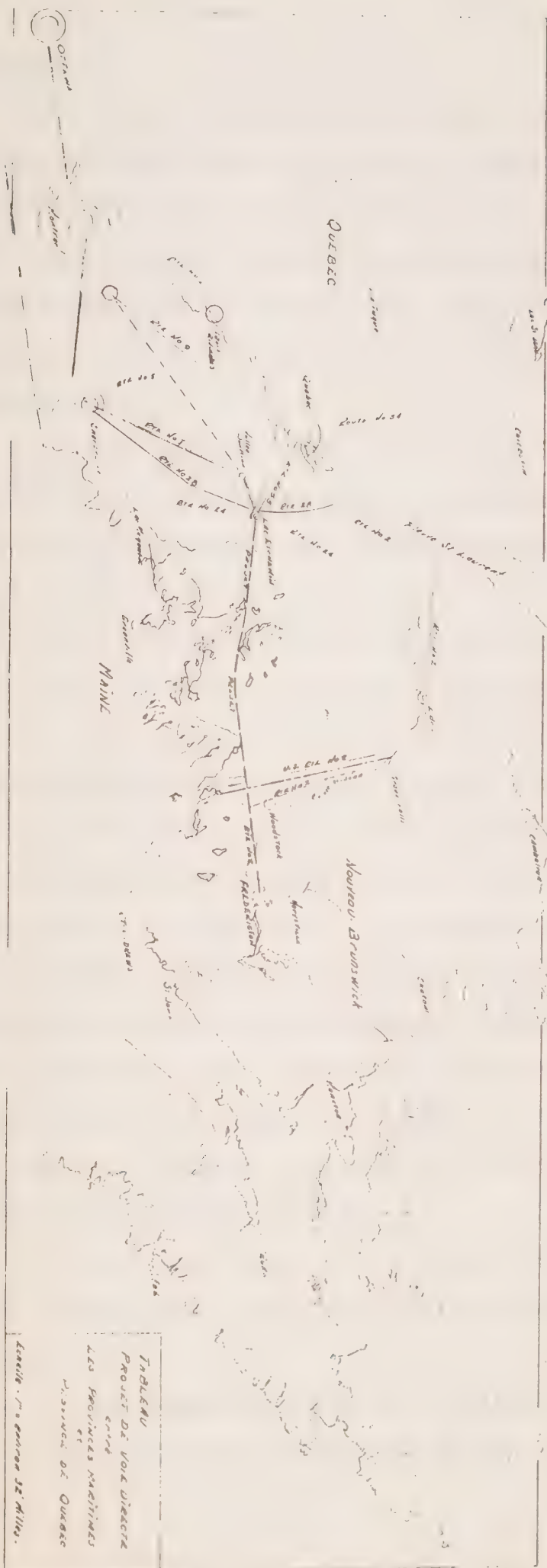
La Chamber de Commerce du Lac Etchemin.

Dr. Jules A. Talbot, D. D. S., President

Ls-Rene Morency, Secretary.











ADDENDUM:

The problems created by the fact that this route must cross American territory could be solved in many fashions. This is one we would like to submit: After negotiations between Canada and the United States, a Canada-American commission could be established that would be completely responsible for this rail and highway route.

All railway negotiations would be within its jurisdiction in so far as refers to problems in Canadian or American territory. All Canadian and American companies could utilize this route.

In so far as the contemplated highway is concerned, it could be linked to other main provincial routes. For example, in Quebec, this route could be linked to route No. 2 and to route No. 9 and others, via route No. 53, (Ste. Germaine -St. Henri and eventually to Levis) and as indicated it would be the extension of route No. 24 (St. Pamphile - St. Georges - Lac Megantic), by intersection with highway No. 28 (Beauceville - Sherbrooke) which could be extended through to Lac Etchemin;and it would certainly be of advantage to extend this to Montmagny via highway No. 2 towards Gaspé by route No. 1 (Quebec - Sherbrooke - Montreal) by a special link between these two.

The same thing could be done in New Brunswick where, however, the work would be of a more considerable nature.

We could also study the possibility of resolving the problem of federal subsidies by the construction of







1  
2 the trans-Canada route to Quebec. In effect, all these  
3 links, the improvement of highway 53 to Levis would  
4 oblige the province of Quebec to contribute considerable  
5 amounts of money. If the federal government contribu-  
6 ted to the amount that the federal government furnished  
7 and if this highway could become part of the trans-  
8 Canada highway, it would seem that this would be  
9 germane to the solution of this problem.

10 The financing of this enterprise would be  
11 undertaken by Canada and the United States in propor-  
12 tion, dependent upon their own traffic. Maintenance  
13 could be assured by a system of tolls. As this railway  
14 would be serving commercial enterprises, everyone would  
15 benefit economically.

16 This same system could be utilized so far as  
17 the highway is concerned as long it can become part  
18 of the trans-Canada route and supplement the trans-  
19 Canada route.

20 Other solutions can be found. However, these  
21 are always subject to negotiations with the United  
22 States and that is why we do not wish to elaborate on  
23 a solution which would be too precise at this time.

24 THE CHAIRMAN: Mr. Hume?

25 CROSS-EXAMINATION BY MR. HUME:

26 Q. I have just one question to ask Dr. Talbot.  
27 With regard to the highway proposed in your brief, do  
28 you have in mind that the users of the highway for the  
29 movement of commerce and freight would move through the  
30 United States with sealed doors in bond, as they now





1  
2 move from Ontario out to western Canada through the  
3 United States?

4 A. You mean, in transit? I imagine so.

5 Q. This would be in the nature of a corridor  
6 that would permit all properly licensed companies to  
7 move from Quebec into New Brunswick and through the  
8 United States. That is what you had in mind?

9 A. Yes, but that would be used by the United  
10 States.

11 Q. It could be used by the United States too?

12 A. Yes.

13 MR. HUME: Thank you very much.

14 CROSS-EXAMINATION BY MR. ANGER:

15 Q. Mr. Talbot, in the name of the C. N. R.,  
16 we should like to congratulate you for your careful pre-  
17 paration of your brief. The idea which you are putting  
18 forward and which you have outlined in your brief seems  
19 most interesting and it might perhaps, as you have said,  
20 bring a solution to a rather difficult problem and  
21 perhaps a shortening of the route. However, I should  
22 like to ask whether your Chamber of Commerce has given  
23 any thought to what would happen with the other existing  
24 routes -- railroads or highways. I do not think that  
25 these are shown on your map, but you know that at present  
26 there are two C. N. R. lines going from Quebec which  
27 go towards the maritimes, the route through Mont Joli and  
28 the one through Edmundston. On the other hand, you have  
29 the C. P. R. line going from Montreal through Sherbrooke,  
30 Lac Megantic, Greenville and as far as Saint John.







1  
2 Has your Chamber of Commerce given any thought to what  
3 would happen to these particular lines if the railway  
4 line you suggest were to be built?

5 A. Yes. Of course, the solution we suggest  
6 was merely directed to meet the requests by the maritime  
7 provinces, that is, that the route is too long and the  
8 rates were too high because of the distance from the  
9 maritimes to the central provinces.

10 Q. In that case, do you think that, if the  
11 railway you suggest were built and if we assume that it  
12 would carry goods coming from the maritimes, do you  
13 think that then the other existing railway lines,  
14 C. N. R. and C. P. R. lines, would still be economically  
15 able to continue in existence?

16 A. I must again say that at present, with  
17 existing traffic, the maritime provinces are not satis-  
18 fied, because they are at a disadvantage from the  
19 point of view both of freight rates and of the distance  
20 covered. Therefore, on the basis of all the reports  
21 we have received, we have reached the conclusion that  
22 the direct route would be of advantage to the maritime  
23 provinces because, even if at present certain railway  
24 lines do exist, the time which is necessary in order  
25 to cross this distance by railway is of course very  
26 much greater than the direct route would be.

27 Q. You have said you have had requests from  
28 the maritimes?

29 A. No -- I am sorry. I must correct that.  
30 We have not had any requests. However, after reading  
the reports that we have had from the visit of this







1  
2 Commission to the maritimes, we have read the newspaper  
3 reports, and they have led us to the conclusion that  
4 a new route must be constructed, and our report says  
5 quite openly that the economic progress which would  
6 thereby be made possible would, of course, not harm the  
7 other areas as well.

8 Q. In that case, you have not consulted the  
9 people from Edmundston or Campbellton or anybody else  
10 in that vast region covered by the Ocean Limited and  
11 the Scotian, and you have not asked them what would  
12 happen to that region because there was not sufficient  
13 traffic for these railroads and they would have to give  
14 up their services. You have not made inquiries on that  
15 subject, have you? You have not consulted the people  
16 directly concerned with that, namely, at Edmundston and  
17 the cities crossed by the existing railways?

18 A. No, we have not consulted them, but it is  
19 quite evident from a statement of Brigadier Wardell of  
20 Fredericton, who had made an official statement in  
21 newspapers, which I shall now read out to you.

22 Q. What is the exact quotation, please?

23 A. It is the "Atlantic Advocate", Fredericton,  
24 New Brunswick. There is no date. It says:

25 "There is a corridor road through Maine, easily  
26 brought about by co-operation between Canada and  
27 the United States, and of importance to the whole  
28 maritime area in shortening the road distance to  
29 industrial Quebec."

30 Q. Did your Chamber of Commerce carry out a  
study of the economic position which at present exists





1  
2 or the economic position now prevailing in Maine in the  
3 places where you believe that your suggested railroad  
4 would run?

5 A. Yes, we have taken a trip to Maine and  
6 during this trip we tried to find the answer to what  
7 you have mentioned, namely, that the whole area of  
8 New England and particularly the Maine area would be  
9 very interested in such a new route.

10 MR. FRAWLEY: What became of that document  
11 from Fredericton? Is it being filed as an exhibit?  
12 It is always interesting to note the aspirations of the  
13 maritimes.

14 THE CHAIRMAN: I think we should, and this  
15 is perhaps the proper place to acknowledge as a  
16 Commission that Mr. Wardell has kindly placed us on the  
17 mailing list of the "Atlantic Advocate" for the term  
18 of the Commission. I think that Mr. Wardell would be  
19 glad to give Mr. Frawley or anybody else any number of  
20 copies of the publication.

21 MR. FRAWLEY: Thank you very much.

22 CROSS-EXAMINATION BY MR. SINCLAIR:

23 Q. I wonder whether I could just say to  
24 Dr. Talbot on behalf of Canadian Pacific how much  
25 interested we were in his presentation and say to him  
26 that what he is trying to do, I would suggest, is to  
27 duplicate the short line route that Canadian Pacific  
28 has between Montreal and the maritimes by having a road  
29 constructed on a short line basis between Quebec and  
30 the maritimes. Would that be correct?







1  
2 A. Yes.

3 Q. I was also interested, Dr. Talbot, in  
4 the very graphic way that you described the bounty  
5 and affluence of the maritime industry, and I compliment  
6 you on that in placing it so forcefully on this record.

7 BY COMMISSIONER MANN:

8 Q. Dr. Talbot, I am sure you are not sur-  
9 prised that I may have some questions.

10 A. I am not surprised at all, sir.

11 Q. I refer you, Dr. Talbot, to page 3 of  
12 your report. In giving an example of what Mr. Sinclair  
13 has so kindly described as the immense bounty of the  
14 Atlantic provinces, and referring to the bounty of  
15 Prince Edward Island, you talk about the seed potatoes  
16 rather than table potatoes. Were you aware, Dr. Talbot,  
17 that seed potatoes from Prince Edward Island are  
18 mainly exported to, say, Florida and that it is the  
19 table potatoes that are being sent to central Canada?

20 A. Yes, but both are mentioned in the brief.  
21 Among other things, we say, first of all, that there  
22 are seed potatoes, and you say that it is the seed  
23 potatoes that are exported to Florida while the table  
24 potatoes are exported to Ontario. We did not know  
25 that.

26 Q. Up until four or five years ago I did  
27 not know either. On page 5 of your brief, where you  
28 talk about the question of subsidies, you say you  
29 think the proposal you make would enable the federal  
30 government to do away with the Maritime Freight Rates





1  
2 Act?

3 A. Yes.

4 Q. We heard from the people from Gaspé yes-  
5 terday. Would they be in accord with your proposal?

6 A. I would not know.

7 Q. You would not expect?

8 A. I must say no.

9 Q. In any construction project of this  
10 magnitude, I suppose, the first question anyone would  
ask is "Combien?"

11 A. I would say about \$25 million for railroad  
12 and \$15 million for the road.

13 Q. \$15 million for the road?

14 A. Yes.

15 Q. Are you familiar with the special study  
16 on regional problems made for the Gordon Commission  
17 by Dr. R. D. Howland?

18 A. No, sir.

19 Q. Dr. Howland deals in that study, Dr. Talbot,  
20 with the same proposal that you are now advancing and,  
21 if I am not mistaken, the figure given roughly by  
22 Dr. Howland, not in the report but in a subsequent  
23 article he wrote on his suggestion, was in the vicinity  
of \$80 million, which is a little more than the  
\$15 million you have mentioned.

24 A. Would that be for railroads and road?

25 Q. No, this would be just the highway.  
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2 A. The secretary of our Chamber tells me  
3 that we have received from well-informed sources  
4 information that the cost of constructing the railroad  
5 would amount to about \$25 million. Can I ask you a  
6 question? The gentleman who was talking about \$80 million  
7 - was he against that project?

8 COMMISSION MANN: You will be pleased to  
9 know, Mr. Talbot, that Dr. Howland thinks there is a  
10 great deal of promise in this project.

11 I have another couple of questions. The  
12 state of Maine, as you know, the legislature of the  
13 state of Maine did last year appropriate some money  
14 for a corridor road between New Brunswick and Maine.  
15 You knew that?

16 A. Yes.

17 Q. Do you also know, Mr. Talbot, that the  
18 desire of the people of Maine is that this road should  
19 be constructed through Aroostook county as far north  
20 as possible?

21 A. Yes. I have been on that road. A week  
22 ago we went to the state of Maine right into Presqu'île,  
23 and we made the trip to and forth, and we made it  
24 shorter by 200 miles. I can tell you that there are  
25 three projects in the state of Maine for that road,  
26 but it seems that the best one would be the direct  
27 line, with two junctions, one at Ashton and one at  
28 Millinocket, and a direct line to Quebec. The road is  
29 already gravelled.

30 Q. How far is Lake Etchemin from St. Auguste  
de Woburn? It is not near Lake Etchemin?







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A. No, it is not near.

Q. Just one more question, Dr. Talbot. As far as the railway line is concerned, would you think that your purposes would be served if Canadian National obtained running rights over Canadian Pacific through the state of Maine?

A. In answering that I would have to be in the place of one of them.

COMMISSIONER MANN: Thank you, Dr. Talbot.

THE CHAIRMAN: Thank you, Dr. Talbot.

DR. TALBOT: Thank you very much, Mr. Chairman.

THE CHAIRMAN: We will adjourn now till 2 o'clock.

---Luncheon adjournment.





1  
2 ----On commencing at 2.00 p.m.

3  
4 SUBMISSION OF  
5 COUNCIL OF THE ORIENTATION OF THE  
6 LOWER ST. LAWRENCE  
7 AS PRESENTED TO THE  
8 ROYAL COMMISSION ON TRANSPORTATION  
9 AT QUEBEC  
10 MARCH 18, 1960.

11  
12  
13 Appearances:

14 Mr. M. J. Aurele Bouchard, President  
15 Mr. M. Aristide Girardin, Vice-President  
16  
17

18 MR. BOUCHARD: Mr. Chairman and Commissioners,  
19 the brief that we are presenting to you today is divided  
20 into three parts: Namely, the economic characteristics  
21 of our area, its methods of transportation, and an  
22 appendix which refers to the economic orientation council  
23 of the lower St. Lawrence, an association which for  
24 many years promotes the interest and the development of  
25 our region.

26 ECONOMIC CHARACTERISTICS:

27 The territory -

28 The economic region of the lower St. Lawrence  
29 is composed of five provincial counties, Rivere du Loup,  
30







1  
2 Temiscouata, Rimouski, Matapedia and Matane. This  
3 economic region east of Quebec is in the shape of a  
4 rectangle, long and narrow, with its exit on the St.  
5 Lawrence and of which the southern portion is made up  
6 of two valleys, that of Temiscouata and of Matapedia  
7 which facilitate access towards the maritime provinces.  
8 Our coast line is more than 150 miles long and the  
9 width of the rectangle is some 35 miles. A population  
10 of approximately 200,000 inhabitants, comprised mainly  
11 of farm families, live in the territory.

12 Our resources -

13 The two most important resources of the region  
14 are agriculture and forestry. In terms of labour force  
15 these two resources occupy some 60 per cent of the  
16 workers of the area.

17 Agriculture -

18 A large portion of this territory is made  
19 up of agricultural land. It permits an agricultural  
20 population of some 81,618 persons in 1956 to earn their  
21 living from the cultivation of the soil. Forty-two  
22 per cent of the community is made up from a population  
23 which derives its income from agriculture. In many  
24 sectors the agricultural production is above average.  
25 That is the reason that the lower St. Lawrence valley  
26 can ship goods to other markets, particularly Cote Nord,  
27 due mainly to its dairy farming and potato production.  
28 Agriculture certainly is the basis of our regional  
29 economy.  
30

31 The forest -

32 Forestry is of primary importance. Ninety per  
33  
34  
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cent of the wood produced is soft wood. Production of pulpwood and wood for construction is very important. However, we should bring to your attention that forestry exploitation is still in its primary stage and has been of assistance economically to this region.

In the administrative districts designated as Rive-Sud and Rimouski, there was cut, in 1955, 1,127,833 cords of pulpwood, which is 17.2 per cent of the total of the province of Quebec. Much of this wood was transported from this region as logs.

#### Commerce -

The commerce of the urban centres of the lower St. Lawrence is particularly important. Its success is determined mainly in direct relation to rural centres and the phenomenal development of Cote Nord which has given an important orientation to our business. Wholesale establishments, similar to public services, have gone ahead remarkably since the natural resources of Cote Nord have been placed on the market and have, in effect, created their own market. Both regions are inter-dependent in the estuary of the St. Lawrence, situated as they are on both sides of the St. Lawrence. The one to the north is rich in mineral resources, forestry and hydro power, but not so good in so far as agriculture and population is concerned. The south side of the river, less favourable in natural resources, can provide the north side with an important part of their necessary foodstuffs and the necessary labour force for its many natural resources and public services. The economic life of the lower St. Lawrence depends today







1  
2 and will depend tomorrow in a very large part on the  
3 economy of Cote Nord and of new Quebec. In effect,  
4 this region represents a source for the working force,  
5 a market for its agricultural and manufactured products,  
6 a customer for its public services, a means for a  
7 transportation and communication hookup and for business  
8 in general. The capital which has been expended in  
9 the exploitation of Cote Nord and of new Quebec will  
10 reach to two billion dollars in 1970 and production  
11 could reach \$700 million in the same year. The  
12 economic life of the lower St. Lawrence, which depends  
13 upon agriculture and forestry, must have the business  
14 of Cote Nord. That is to say, the centre of Cote Nord  
15 must depend entirely on these foodstuffs of the south  
16 side to meet all their requirements. The economic  
17 region of the lower St. Lawrence has not conquered the  
18 market of Cote Nord as they should have, because of its  
19 geographical position which places it in the proximity  
20 of this new "industrial giant". If more efficient  
21 methods of transportation were adopted to meet our needs  
22 at this time, this would permit us to increase our  
23 business with Cote Nord.

## 22 II - METHODS OF TRANSPORTATION:

23 Methods of transportation are of primary  
24 importance for the economic survival of the lower St.  
25 Lawrence. As a group they are more or less adequate  
26 and they have retarded the development of our region.

### 26 Railways -

27 When we consider the trade between the lower  
28 St. Lawrence with the maritime provinces, west of Quebec  
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1  
2 and the other provinces of Canada, we note that the  
3 railways play a prominent role. Our region is situated  
4 to the interior of the maritime zone. It could take  
5 advantage of the economic advantages offered, but the  
6 railway schedules make of our region a "one-whistle  
7 stop". We cross over it without being interested. The  
8 services are not related to our production or to our  
9 consumption. The Canada and Gulf Terminal Railway  
10 serves the region between Mont Joli and Matane with  
11 high tariffs which re-act unfavourably to this section  
12 of the region. We feel that the Canadian National  
13 Railways should buy this railway as soon as possible  
14 in order to give to this important region a service and  
15 comparable tariffs as others are offered elsewhere.  
16 We also believe that this rail route should be extended  
17 to Gaspé. We also wish to draw to your attention that  
18 the Canadian National Railways are promoting industrial  
19 development in the maritime provinces in buying up land  
20 which is then placed at the disposal of industry. It  
21 may be well to envisage such a promotion within the  
22 valley of the St. Lawrence. (See Financial Post,  
23 27-2-60, page 3.)

24 Navigation -

25 The port installations in the lower St. Lawrence  
26 zone are still inadequate. After making representations  
27 the federal government has agreed to construct a deep  
28 water port at Pointe au Pere, which would be used  
29 twelve months of the year, but if we consider the large  
30 expanse of our coast, more than 150 miles, along the  
St. Lawrence and the vast distance to markets from Cote





1  
2 Nord, we understand it will be necessary to create more  
3 ports in our region, in particular at Riviere du Loup  
4 and at Matane. The port area of Riviere du Loup  
5 presents many characteristics which surpass the previous  
6 considerations. In effect, studies have demonstrated  
7 that a large potential tonnage of freight could be  
8 directed towards Kamouraska, Riviere du Loup, Temiscouata,  
9 the north of New Brunswick and the state of Maine. In  
10 Maine, we count on the port area of Riviere du Loup  
11 in order to direct trade towards the Great Lakes via the  
12 Seaway, enormous quantities of potatoes, and to receive  
13 in turn manufactured products such as automobiles and  
14 agricultural machinery. It is therefore necessary  
15 that port installations be established in the lower  
16 St. Lawrence and that those ports remain open twelve  
17 months of the year. However, we are under the impress-  
18 ion that maritime services are organized on an industrial  
19 basis rather than on the economic interest of the region  
20 and this despite the fact that navigation companies  
21 receive federal and provincial subsidies. It would  
22 seem that the governmental subsidies are not being  
23 used for the reasons for which they were established.  
24 The rates for transporting goods between the two coasts  
25 of the lower St. Lawrence are the highest in Canada.  
26 We must not only pay for the transportation but also  
27 for the handling of merchandise. A closer scrutiny  
28 should be brought to bear on the utilization of these  
29 subsidies. It should be noted also that the subsidies  
30 are low as compared to others which are being paid for  
maritime services which are considered essential. The







1  
2 cost of transporting goods by water should be reduced  
3 to a minimum even if it is necessary to increase the  
4 government subsidies. These subsidies should be inc-  
5 reased for another reason, that is to say, this would  
6 permit the placing of its service as soon as possible  
7 in the Lower St. Lawrence of at least three more  
8 ferries between the ports of Riviere du Loup, Rimouski-  
9 Pointe au Pere and Matane, and the other ports of the  
10 Cote Nord. With more modern ferries, this would permit  
11 us to increase our trade with Cote Nord, to increase  
12 our business and because of this, to increase our  
13 tonnages to the railways. In considering the spread  
14 of our region, we feel that the placing in service of  
15 three ferries would more fully meet our needs than the  
16 one ferry which is now serving the ports Rive Sud.  
17 We feel that the era of the freighter is now past in  
18 the lower St. Lawrence. We need modern ferries to  
19 avoid trans-shipments. These modern ferries could  
20 operate on the St. Lawrence twelve months of the year  
21 with the help of ice breakers. With these modern  
22 methods of transportation this would permit us to compete  
23 with other trading centres and to offer to Cote Nord a  
24 more rapid and more economic service of trucking.  
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2                   Trucking -

3                   Trucks play also a predominant role in the  
4 economic life of our region. However, we feel that  
5 this method of transportation suffers unjust compet-  
6 ition from rail. We feel that the use of piggyback  
7 should be tried in our region. This service would  
8 permit the lower St. Lawrence to expedite its products  
9 at a lower cost and to receive in turn merchandise at  
a cheaper rate.

10 CONCLUSION:

11                   We have outlined in this short brief,  
12 many of the problems of transportation which affect  
13 the lower St. Lawrence. We feel that better methods  
14 of transportation are the key to the economic evolu-  
15 tion of our region. The Council of Economic Orientation  
16 of the Lower St. Lawrence has given to a group of  
17 specialists, under the guidance of Messrs. Yves Dube  
18 and Jean Marie Martin, of Laval University in Québec,  
19 the task of completing an economic study of our region  
20 and particularly of our agriculture. One part of this  
21 study is on transportation and is being prepared by  
22 Mr. Pierre Camu of the Faculty of Commerce of the same  
university. That study will be completed shortly.

23                   Finally, Mr. Commissioners, it is our intention  
24 to appear later before you in order to enlarge upon our  
25 problems of transportation in the lower St. Lawrence  
26 region. We thank you very much for having permitted us  
today to present our preliminary brief.

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APPENDIX I

THE COUNCIL OF ECONOMIC ORIENTATION  
OF THE LOWER ST. LAWRENCE

1 - Nature and Objects.

a - To unite all economic forces of the region.

b - To orient and further the economic development of the region in relation to its natural resources, and its geographic location and its human factor, in order to ensure a realistic and durable prosperity.

c - To represent this same region to whom it may concern in the economic domain, when regional questions arise.

2 - The Members.

The members of the Council of the Economic Orientation of the Lower St. Lawrence could be: The municipalities, the county councils, business establishments, economic and social associations with a regional character. Each member has the right to have two representatives on the council.

3 - Territory.

The Council of Economic Orientation groups five provincial counties which form the economic region of the lower St. Lawrence.

Zones: In order to ensure equitable representation for each of the counties, an equal number of administrators elected from each one of the following zones, the counties of Riviere du Loup, Temiscouata, Rimouski, Matapedia, Matane.







4 - EXECUTIVE: (1959 - 1960)

President: Mr. J. Aurele Bouchard, Causapschal

First Vice-President: Mr. Aristide Girardin, Rimouski

Second Vice-President: Mr. Rosaire Gendron, Riviere  
du Loup, (Mayor)

Third Vice-President: Mr. F. Adrien Gauthier, Alderman,  
Matane.

Zone Riviere du Loup: Mr. Adelard Michaud, deputy reeve,  
Cacouna

Zone Rimouski: Mr. Arthur Rioux, Rimouski

Zone Matapedia: Mr. Olier Larocque, Amqui,  
Mr. Clovis St. Amand, St. Moï

Secretary-Treasurer: Mr. Jean Paul Legare, Rimouski

ADMINISTRATIVE BUREAU:

Zone Riviere du Loup: Mr. Adelard Michaud, deputy reeve,  
Cacouna

Mr. P. E. Roy, Ste. Arsene

Mr. Antonio Dube, Riviere du Loup

Mr. J. Eugene Rioux, Trois Pistoles

Mr. Rosaire Gendron, Riviere du Loup

Zone Rimouski: Mr. Aristide Girardin, Rimouski

Mr. Arthur Rioux, Rimouski

Mr. Louis Jacques Chenard, deputy  
reeve, Bic

Mr. J. B. Berube, St. Donat

Mr. Lucien Roy, Rimouski

Zone Matapedia: Mr. Aurele Bouchard, Causapschal

Mr. Clovis St. Amand, St. Moïse

Mr. Paul Auger, Amqui

Mr. Olier Larocque, Amqui

Mr. J. Raymond Leblanc, Causapschal

Zone Matane: Mr. Philippe Castonguay, Les Boules

Mr. Georges Henri Dube, Mont Joli

Mr. J. Charles Dufour, deputy  
reeve, St. Ulric





Mr. G. Alexandre Lebel, Matane

Mr. F. Adrien Gauthier, Matane

Mr. Benoit Gaboury, Mayor, Mont Joli

Zone Temiscouata: Mr. Gaston Painchaud, mayor, Estcourt

Mr. Michel Roy, mayor, N. D. du Lac

Mr. Sylvio Caron, mayor, St. Emile  
d'Auclair

Mr. J. Alphonse Langlais, N.P.,  
Secretary-Treasurer, Temiscouata  
County, Riviere Bleue.

CROSS-EXAMINATION BY MR. CUMMING:

Q. I wonder, sir, if you would be good enough to comment on the proposal of the Chamber of Commerce of Lake Etchemin for the construction of the short line route from Quebec to the maritimes and the repeal of the Maritime Freight Rates Act?

A. I heard the report this morning and I would just tell you one thing. I have not studied this question but I am sure the lower St. Lawrence will never agree with this report.

Q. The maintenance of the benefits under the Maritime Freight Rates Act, I take it, are of some considerable importance in your region?

A. Yes.

CROSS-EXAMINATION BY MR. HUME:

Q. Mr. Bouchard, on page 8 you refer to the unfair situation with which the trucks must contend, and I understand that you are referring to the fact that the piggyback service for independent truck operators is not available in your area?







1  
2 A. No, the piggyback is not available yet.  
3 That is what we recommend, to try it in the lower  
4 St. Lawrence.

5 Q. Your suggestion is, as I understand it,  
6 that you would like to have the service extended into  
7 your area because, as you say in your brief, it will  
8 produce cheaper rates?

9 A. That is what we think. We recommend the  
10 piggyback to the truck companies. The truck companies  
11 will deliver the merchandise from the piggyback.

12 MR. HUME: Thank you, sir.

13 CROSS-EXAMINATION BY MR. DOHERTY:

14 Q. Mr. Bouchard, my name is Doherty. I  
15 represent the province of Saskatchewan. I have just  
16 one comment. You mention that the pulpwood is largely  
17 exported. To what countries is this export made?

18 A. The pulpwood is exported all over Canada,  
19 and a lot of it goes to the United States. There is  
20 no pulp mill in the lower St. Lawrence region. There  
21 are some in New Brunswick, but in the lower St.  
22 Lawrence region there are none.

23 Q. Does some of the pulpwood move to the  
24 north shore?

25 A. No. They move a lot of pulpwood from the  
26 north shore to Quebec. The wood from our part of the  
27 country is going on the south shore to Ontario, some  
28 to New Brunswick, some to Quebec and some to the United  
29 States.

30 Q. So that the pulpwood moves by water and by





1  
2 rail?

3 A. By water and rail.

4 MR. DOHERTY: Thank you.

5 CROSS-EXAMINATION BY MR. ANGER:

6 Q. Mr. Bouchard, in the name of the C. N. R.,  
7 we should like to congratulate you upon the care with  
8 which you have prepared your very interesting brief.  
9 While you were reading your brief, I noted one point  
10 in particular. You said that, if the port of Riviere  
11 du Loup were to be better equipped and extended, you  
12 thought it would be possible to have shipping coming  
13 in from Maine. Could you tell us whether at present  
14 the port at Riviere du Loup has such shipping?

15 A. No, at present it does not have any trade  
16 from Maine, but ports of Temiscouata, New Brunswick  
17 and so on were included in a study of the possibilities  
18 of using the port of Riviere du Loup. I think this  
19 study is available. We could find a copy quite easily  
20 and make reference to it.

21 Q. I note that you have recommended that the  
22 C. N. R. purchase a section of railway, the Gulf Terminal.  
23 You say that this section of the railway should be  
24 extended practically as far as the Gaspé peninsula. Do  
25 you believe that such an extension could be justified  
26 economically?

27 A. No. From the economic point of view,  
28 I am quite sure it could not be justified.

29 Q. That is a very clear unequivocal answer.

30 A. What I was trying to say was that other





1  
2 railways have subsidies, other sections of the Canadian  
3 National Railways, for instance, the Matane railway  
4 has prohibitive rates, and of course the C. N. R.,  
5 if it were to give competitive rates, would have to  
6 receive subsidies if it were to take over this particular  
7 section.

8 Q. Now, Mr. Bouchard, I of course would like  
9 to recommend that you adopt the piggyback service in  
10 your area. Concerning this piggyback service, do you  
11 think that if the ferries to which you referred are  
12 brought into operation that such ferries could carry  
13 things such as truck trailers doing piggyback services?  
14 Could they take them over to the north shore and the  
15 trailers could then be drawn by road tractors and  
16 carry on their service on the north shore?

17 A. At present, bodies that are concerned  
18 are of course interested in this piggyback service,  
19 and we expect to be able to do this. We hope we shall  
20 be able to obtain such ferries that will be able to  
21 transport the piggyback trailers.

22 Q. I understand that you would agree that,  
23 if you have such ferries, they could also be used for  
24 rail services and truck services -- that is, co-  
25 ordinated transportation services?

26 A. Yes, certainly.

27 MR. ANGER: I thank you, Mr. Bouchard.

28 CROSS-EXAMINATION BY MR. de BILLEY:

29 Q. You refer to the need for three ferries  
30 between the north shore and Riviere du Loup, Rimouski-







1  
2 Pointe au Pere and so on, on page 7 of your brief.  
3 If it were only possible to have one of these three  
4 ports served, which one would you prefer it to be?

5 A. Well, I am afraid I dare not give you  
6 a specific preference for one place rather than any  
7 other. The Economic Guidance Council has made a study,  
8 rather a detailed study of the subsidies which are  
9 provided to private companies, representing something  
10 like one and a half million dollars annually, and these  
11 private companies, knowing of these subsidies, are  
12 nevertheless not able to compete with other private  
13 companies, for instance, other shipbuilding companies,  
14 which are able to offer transportation at lower rates.  
15 That is why we recommend that a study of the subsidy  
16 system should be made, in order to grant subsidies to  
17 companies which are organized in such a way that they  
18 will only serve as a bridge service, if you wish,  
19 between the two shores. We very much hope that, with  
20 the same amount of subsidies, three ferries can well  
21 be established and they can provide transportation across  
22 the river at rates which are much lower than those in  
23 existence at present.

24 Q. If I understand the matter correctly,  
25 you suggest different ships or ferries daily to serve  
26 both passengers and freight?

27 A. What we recommend is three ferries, not  
28 to speak of piggybacks, as you call it, but three  
29 ferries which cars will be able to get on and off by  
30 themselves, and the same will be true of trucks. I  
am thinking of ferries similar to what we have here and





1  
2 in Riviere du Loup, but big enough to meet the needs  
3 of the traffic in our area.

4 Q. Are you aware that the Levis ferries are  
5 not a profitable operation?

6 A. No. However, I have not seen anywhere  
7 any information that the Levis ferries have subsidies,  
8 but of course they may not be profitable, but at least  
9 they are not subsidized.

10 CROSS-EXAMINATION BY MR. SINCLAIR:

11 Q. Mr. Bouchard, my name is Ian Sinclair and  
12 I represent the Canadian Pacific. I do not propose to  
13 ask you any questions but I just wish to say to you  
14 that I think the Commission is fortunate that a man  
15 like yourself takes the time to put a brief like this  
16 together. In particular, there are members of the  
17 Commission who, for many years, have had quite an  
18 interest in the rail service in that area, and it would  
19 be unnecessary for me to deal with that in  
20 view of their long association with it.

21 THE CHAIRMAN: I thank you, Mr. Sinclair,  
22 for reminding us.

23 BY COMMISSIONER GOBEIL:

24 Q. Mr. Bouchard, we find your brief very well  
25 presented and carefully prepared. At present a group  
26 of economists at Laval University has undertaken a study  
27 of your region. You also mentioned at the beginning  
28 of your brief that you are merely presenting a prelim-  
29 inary brief. Does this mean that you are going to  
30







1  
2 present later a final brief in Ottawa?

3 A. That is our intention. We wish to present  
4 a complete brief in Ottawa as soon as our study is  
5 completed. We hope to have this brief available during  
6 the beginning of May.

7 Q. In reply to Mr. Doherty, you mentioned  
8 that quite a large percentage of pulpwood from your  
9 area is sent to the United States. Of course, you are  
10 aware that such pulpwood sent outside of Canada has  
11 to be cut on private land rather than crown land, is  
12 that right?

13 A. Did I indicate there was a considerable  
14 percentage?

15 Q. Yes, I think you said there was a consider-  
16 able quantity of pulpwood being sent to the United  
17 States.

18 A. I think I said not a considerable quantity,  
19 but a certain proportion or a certain amount of pulpwood  
20 was sent -- only, of course, such pulpwood as is bought  
21 from private lands.

22 Q. About the extension of the railway to the  
23 north and towards the Gaspé peninsula, I think that  
24 when the question was put you said that the railway  
25 might be extended as far as the Gaspé peninsula but  
26 in your brief it says "in the direction of the Gaspé".  
27 Which of the two do you actually mean?

28 A. I think it would be preferable that the  
29 railway should be extended up the Gaspé. We have it  
30 in the brief "in the direction of Gaspé" because we  
had known that the province was putting in a request in





1  
2 its brief for a railway going as far as Gaspe. We did  
3 not actually specify the points to which the railway  
4 was to be extended. However, we think the railway  
5 ought to follow a kind of belt line around the Gaspe  
6 peninsula. If the railway were to be continued as far  
7 as Gaspe, I think it would create a sort of belt effect.

8 Q. In view of the fact that you have a good  
9 highway service that runs in Gaspe north, and since  
10 you have also mentioned that such a railway would not  
11 be an economic proposition, what would justify the  
12 building of such a railway?

13 A. I have not made any detailed study about  
14 the justification for the railway. However, I can  
15 agree that justification would not be strictly economic.  
16 Except for a short section, we could not find economic  
17 justification for such a railway, but we believe that  
18 the interests of the population would warrant the  
19 construction of the railway.

20 Q. You recommend three ferries which would  
21 run throughout the whole year. What is the present  
22 situation concerning over water services between the  
23 south shore and the north shore?

24 A. The present position of the south shore  
25 as compared with the north shore is that the present  
26 transportation rates are prohibitively high, and we  
27 shall provide the Commission, when we present our  
28 final brief, with proof that it would be more economic  
29 to send goods by the same company which serves the  
30 lower St. Lawrence, it is more economic to ship from  
Montreal to Seven Islands than it is to send something





1  
2 from Rimouski to Seven Islands, a distance of about  
3 60 miles. There is a difference of about 80 per cent.  
4 It costs 80 per cent more to send something from  
5 Rimouski to Seven Islands than from Montreal to Seven  
6 Islands by the same company. We shall furnish proof  
7 of this when we submit our final report.

8 BY COMMISSIONER MANN:

9 Q. Dealing with what you just discussed  
10 with Commissioner Gobeil, you have two navigating  
11 companies, do you not, serving the lower St. Lawrence,  
12 that is, the Clark Steamship Company and the Lower  
13 St. Lawrence Steamship Company?

14 A. Yes, we consider them like one company.

15 Q. They are jointly owned?

16 A. Yes, we think the Clark Steamship line  
17 own more than fifty per cent of the shares in the  
18 Lower St. Lawrence Company.

19 Q. Am I correct in saying that the Clark  
20 Steamship gets roughly \$2 million a year from the federal  
21 government in subsidies to provide service in the lower  
22 St. Lawrence?

23 A. I think I said \$1 million from the federal  
24 government.

25 Q. I had an idea it was \$2 million.

26 A. I think it is \$1 million.

27 Q. We can check that.

28 A. I have it here.

29 Q. You think that these subsidies are not  
30 properly utilized?







1  
2 A. They are not utilized for the users of  
3 the boats.

4 Q. Clarke's, however, you say, find it possible  
5 to give lower rates from Montreal to Seven Islands than  
6 from Rimouski to Seven Islands?

7 A. Yes.

8 Q. The Montreal to Seven Islands run is not  
9 subsidized?

10 A. Yes, the companies are subsidized. I do  
11 not know from where.

12 Q. The Clark Steamships get \$1 to \$2 million  
13 -- I do not want to be put in the position of saying  
14 "What's a million?" -- but it gets its subsidy in  
15 respect to the lower St. Lawrence services and not in  
16 respect of its services from Montreal to Seven Islands?

17 A. They do not give the service to the  
18 lower St. Lawrence.

19 Q. It is dissatisfaction with the service  
20 that worries you?

21 A. Yes, dissatisfaction.

22 Q. The high rates?

23 A. Yes.

24 Q. Commissioner Anscomb would like you to  
25 tell the Commission in what way you think the present  
26 subsidies paid to Clark Steamship are not properly  
27 used.

28 A. The only thing we can say is we know that  
29 they have subsidies to help the lower St. Lawrence and  
30 they do not give enough transports today, and the rates  
are too high. What we want in the lower St. Lawrence





1  
2 is a boat to cross the river at least twice a day  
3 in the three places.

4 Q. Mr. Bouchard, let me now take you to  
5 page 3 of your submission, and I will read you the  
6 sentence I am interested in:

7 "Une forte partie de ce bois a ete expediee de la  
8 region a l'etat brut."

9 My understanding is that you are shipping  
10 quite a lot of processed lumber out of the Rimouski  
11 area to Montreal. This is dressed lumber, I am talking  
12 about.  
13  
14  
15  
16  
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30







1 Q. That is certainly not a l'etat brut?

2 A. No. The most of it is softwood.

3 Q. The dressed lumber would not be a l'etat  
4 brut?

5 A. No, it is only a little percentage of the  
6 wood.

7 Q. In terms of ---

8 A. In terms of percentage, yes.

9 Q. Would there be in terms of value or in  
10 terms of quantity?

11 A. In terms of quantity.

12 Q. And what would be the position be in  
13 terms of value, Mr. Bouchard?

14 A. I have not all the figures in my head.  
15 I don't know exactly. I can't tell you truly an answer.

16 Q. Mr. Bouchard, you have had a service from  
17 Point au Pic to the North Shore provided by Clark  
18 Steamship?

19 A. Well, Point au Pic to Rimouski. That is  
20 only services in the summer time for tourists.

21 Q. But, Mr. Bouchard, I understand that ser-  
22 vice is also provided or has been provided for a number  
23 of years by Clark Steamship to communities on the North  
24 Shore of the St. Lawrence?

25 A. From Point au Pic -- I don't understand.  
26 Point au Pic is on the north shore. You mean Point au  
27 Pere. That is another point. It is not the same place.

28 Q. On page 5, Mr. Bouchard, you talk about the  
29 C. G. T., the Canadian and Gulf Terminal Railway, whose  
30 rates, you say, are very high. Could you tell the





1 Commission whether a shipper shipping from Matane to  
2 Montreal gets a through rate or whether the rate is made  
3 up of two factors, Matane to Mont Joli and Mont Joli to  
4 Montreal?

5 A. I think there is a through rate. I think  
6 C.N.R. is paying the difference of the cost to the com-  
7 pany.

8 Q. Another point at page 5, you say that the  
9 Canadian National in the Atlantic provinces acquires  
10 land which they put at the disposal of industries. Have  
11 you any source for that information?

12 A. The source is in the report, I think. It  
13 is on page 5, Mr. Chairman.

14 Q. The Financial Post?

15 A. Yes. That is all the source I have.  
16 I don't know that myself.

17 Q. I think your group, Mr. Bouchard, deserves  
18 a great deal of credit for its enterprise, and I think  
19 we know more about that meeting that you had last year  
20 in which there participated interests from Maine and  
21 New Brunswick and the Lower St. Lawrence River, and in  
22 which I think the decision was made to press for a  
23 deep harbour at Riviere du Loup. I think it was only  
24 last week that the federal government gave its reply  
25 to the request to have a deep harbour at Riviere du Loup.  
26 Am I correct that the federal government has agreed to  
27 dredge that harbour to a depth of 20 feet?

28 A. Yes, they have agreed to dredge the harbour  
29 the way it is now. But at that meeting you talk about,  
30





1 it was in the area of Riviere du Loup, to have a winter  
2 port there, a new port, and we didn't agree with that  
3 yet.

4 Q. Would such a winter port at Riviere du  
5 Loup be competitive with a winter port in New Brunswick?

6 A. I don't see how.

7 COMMISSIONER MANN: Thank you very much.

8 THE CHAIRMAN: Mr. Billey?

9  
10 CROSS-EXAMINATION BY MR. BILLEY:

11 Q. You know that a subsidy was granted by the  
12 federal government to the Clark Steamship Company?

13 A. I believe that there were subsidies of a  
14 million dollars. I can't say that it was granted en-  
15 tirely to the Clark Steamship Company.

16 Q. Do these subsidies not include not only  
17 subsidies for the area you are interested in but also  
18 for all the other services of the Clark Steamship Company,  
19 Montreal, Quebec and so on?

20 A. Mr. Chairman, if you want, I can get you  
21 the information and hand it to you. One of the vice-  
22 presidents of the organization could give you the  
23 answer. I will ask the Vice-President of the organi-  
24 zation to give the answer to Mr. Billey.

25 Q. However, Mr. Bouchard, will you let me  
26 ask you other questions that refer to subsidies. You  
27 referred a little while ago to the service between Point  
28 au Pic and ---

29 A. No, I am sorry, I was thinking of Point au  
30 Loup.







1  
2 Q. Are you aware of the winter service to  
3 Seven Islands?

4 A. No, I am not aware of that.

5 Q. You referred to the question of freight  
6 rates from Montreal to Seven Islands and from Rimouski  
7 to Seven Islands. Is it not true that when you say  
8 that it is more expensive to carry goods from Montreal  
9 to Seven Islands, you include trucking charges from  
10 Seven Islands to Montreal?

11 A. No. But we shall furnish you with all  
12 the details and all the proof of what I have said.

13 MR. BOUCHARD: Thank you, Mr. Chairman.

14 THE CHAIRMAN: Thank you, Mr. Bouchard.

15 MR. BOUCHARD: With your permission, sir,  
16 Mr. Girardin will answer some questions.

17 CROSS-EXAMINATION BY MR. BILLEY:

18 Q. Mr. Girardin, a minute ago Mr. Bouchard,  
19 the President of your organization, said that the sub-  
20 sidies paid out to Clark Steamship Company amounted to  
21 about a million dollars a year. I asked Mr. Bouchard  
22 whether he was aware that this amount of a million  
23 dollars covered all the subsidies that the company re-  
24 ceived for all its services.

25 A. From the point of view of subsidies, if  
26 we limit ourselves and we think about services from  
27 Quebec to the North Shore, it is \$125,000 for Matane to  
28 Rimouski, \$126,000 from Matane to the North Shore in the  
29 winter. There are also provincial subsidies, and you  
30 can obtain all the details from the study which was already





1 published and which gives details of all the subsidies  
2 which the provincial government and the federal government  
3 paid out to every company.  
4

5 Q. In that case, without fear of being mis-  
6 taken, can I say that the subsidies received from the  
7 federal government by the Clark Steamship Company are  
8 also found in the report of the Maritime Commission?

9 A. Yes.

10 THE CHAIRMAN: Whose study is that?

11 MR. GIRARDIN: It was a study which was  
12 prepared by Pierre Camer. He is a professor,  
13 I believe, here at Laval. The figures were published  
14 about two months ago, roughly.

15 THE CHAIRMAN: Is there a copy of the study?

16 MR. GIRARDIN: I don't know, but I can make  
17 sure that you can get one. They are currently avail-  
18 able, sir.

19 THE CHAIRMAN: Thank you, Mr. Girardin.

20 MR. GIRARDIN: May I add something? Perhaps  
21 I am speaking more in my own name, but it is our con-  
22 tentation as a group in the Lower St. Lawrence that we  
23 are in competition with three other sections of the  
24 country, namely, Montreal, Quebec and the region of  
25 the Lake St. John area. If we were on a par with them  
26 we believe that we could get the same concessions, and it  
27 is quite obvious to realize that a service that is sub-  
28 sidized from Quebec to the extent of \$608,000 a year --  
29 and I have no objection to that -- can compete favourably  
30 with a service coming from the South Shore with a subsidy







1 of \$125,000. It cancels the advantage of our geographic  
2 position and as such renders our problem of capturing  
3 our share of the North Shore market more difficult.  
4

5 THE CHAIRMAN: You have made your position  
6 very clear.

7 MR. GIRARDIN: I hope so, sir.

8 THE CHAIRMAN: Thank you.

9 There is only one more submission, and I think  
10 we will have a recess before that.

11 ---Short recess.  
12  
13  
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1  
2 SUBMISSION OF  
3 TRUCKING ASSOCIATION OF QUEBEC, INC.

4 Appearances:

5 Gouin, Georges Directeur Provincial  
6 Joron, Pierre Chairman, Saguenay Section  
7 Archambault, Camille Provincial Director  
8 Assistant to President  
9

10 THE CHAIRMAN: Who is giving evidence, Mr.  
11 Archambault?

12 MR. ARCHAMBAULT: I am, Mr. Chairman.

13 THE CHAIRMAN: Well, we have suggested that  
14 the submission as made be taken as read, and I think in  
15 looking over it there are references to two pieces of  
16 litigation in the submission, one in the United States  
17 and one here, and I think it would be well when the  
18 submission is taken as read that if there is any  
19 caveat to be registered in respect of the litigation  
20 it should be done now before we proceed with any cross-  
21 examination.

22 MR. MACDOUGALL: Mr. Chairman, I would ask  
23 the permission of the Commission to speak to that matter,  
24 if I may, now.

25 THE CHAIRMAN: If you will, Mr. Macdougall.  
26 As I understand it, there is a case in the United  
27 States as well as one in Canada before the courts.  
28 Has that been settled or is it still proceeding?

29 MR. MACDOUGALL: Mr. Chairman, on behalf of  
30 my client Canadian National Railway, I would like to take





1 a preliminary objection before this brief is presented  
2 to the Commission against the reception of the infor-  
3 mation, certain information which I will speak about  
4 in the brief, and the conclusions which are drawn  
5 from that information and the implications which are  
6 referred to as flowing from the sections of the brief  
7 which deal with and speak of these cases.

8  
9 Now, first of all, in detail, I might say that  
10 the brief, of which I have had a copy for a few days,  
11 beginning at page 7 and continuing on page 8 and in  
12 an appendix attached to page 8, refers principally to  
13 a case which is before the courts in the United States  
14 of America, which for the sake of shortness we might call  
15 the Byoir case, since that is one of the names of the  
16 litigants in the matter, and this brief attempts to  
17 draw certain conclusions as to the attitude of the rail-  
18 ways in respect of road transportation from the pro-  
19 ceedings which are before the American courts and on  
20 which judgment is now under appeal and the hearing of  
21 the appeal and final disposition by the higher courts  
22 has not been settled. Therefore I make the submission  
23 that that case is sub judice and it is highly incorrect  
24 that this Commission should hear anything about it or  
25 any conclusions which this brief may attempt to draw from  
26 that case.

27 Now, the second head of objection that I have  
28 to the reception of this brief is found on page 11 and on  
29 page 12, and there reference is made to an action  
30 proceeding in the Canadian courts of which Mr. Archambault,







1 who is to lead the evidence for the Quebec Trucking  
2 Association and who, I believe, had something to do  
3 with the preparation of this brief, is very much aware.  
4 The detail of what he says is not challenged. He  
5 would know better than anyone the exact nature of the  
6 proceedings in the Quebec courts, having been instru-  
7 mental in starting them. But I do say that that case  
8 is before the courts in Quebec; it is at the moment in  
9 the position where a writ of prohibition has been issued  
10 and has not yet been returned in the court, and further  
11 proceeding before senior tribunals and courts of appeal  
12 has not been settled. So I would respectfully suggest  
13 that any reference to this case and any conclusions to  
14 be drawn from this case should not be put into the  
15 record.

16  
17 We, of course, have no objection to Quebec  
18 Trucking Association making any relevant submissions  
19 which they may wish to make to this Commission.

20 THE CHAIRMAN: Mr. Sinclair?

21 MR. SINCLAIR: I would state to you, Mr.  
22 Chairman and members of the Commission, on behalf of  
23 my clients Canadian Pacific, that I support the position  
24 of Mr. Macdougall. I think it is well recognized in  
25 jurisprudence that until such time as there has been a  
26 final determination of litigation in matters of this  
27 kind no conclusion can be drawn until final judgment  
28 has been given or the time for appeal has expired.

29 The fact that these cases have been in the  
30 courts is, of course, a fact, and we do not object to





1 the fact and that someone makes reference to the liti-  
2 gation, but to draw conclusions from the litigation  
3 before the litigation is determined is what I would  
4 object to on behalf of Canadian Pacific.

5 The case in the United States which is known  
6 as the Byoir case is a case that has been before the  
7 courts for many months, in fact, years, and an appli-  
8 cation for certiorari to the Supreme Court of the United  
9 States I understand is the situation that is existing.  
10 The full judgment that is referred to in the brief of  
11 Mr. Archambault is a very lengthy document, and there  
12 are many objections taken to it and it is a very com-  
13 plicated piece of litigation.

14 The reference to the other case, as Mr.  
15 Macdougall has said, was initiated by Mr. Archambault  
16 and it is in its early stages. It involves compli-  
17 cated questions of jurisdiction, and I only support my  
18 friend in it and the position he has taken in regard to  
19 it in so far as he said to you, sir, that until such  
20 time as that case is determined I think it would be  
21 improper for the Commission to allow conclusions to be  
22 drawn from it.

23 THE CHAIRMAN: Any other counsel wish to  
24 speak to this ?

25 MR. DOHERTY: No, Mr. Chairman.

26 MR. FRAWLEY: No, Mr. Chairman.

27 MR. ARCHAMBAULT: Mr. Chairman, if I under-  
28 stand correctly counsel for the Canadian National and  
29 the Canadian Pacific do not wish our witnesses or our  
30







1  
2 brief to refer to the Byoir case in the United States  
3 or to the action before the tribunals here concerning  
4 the illegal transportation. If I understand correctly,  
5 we are not to refer to the cases mentioned by my friends  
6 about the illegal transportation or to refer to the  
7 case of Byoir Incorporated in the United States. Is  
8 that the nature of their objection?

9 THE CHAIRMAN: There is no objection to it  
10 going into the record that there is litigation, but  
11 they are objecting to the judgments as they now stand  
12 because they are not final.  
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1 MR. SINCLAIR: With reference to the further fact  
2 that conclusions are drawn from litigation that has not  
3 been concluded, my position would be this, that as a  
4 matter of fact there are these pieces of litigation --  
5 that is a fact -- but what a trial judge says and the  
6 conclusion you draw from what a trial judge says in  
7 respect to a case under appeal, I think, is improper.

8 MR. MACDOUGALL: That has to do with the  
9 Byoir case in the United States. In the other case  
10 there has been no judgment. Mr. Archambault says that  
11 it says: "A Canadian truck operating illegally" --  
12 that is the phrase he used -- "on the roads of Quebec".  
13 That has not been determined. You cannot draw con-  
14 clusions from litigation that has not been concluded.

15 THE CHAIRMAN: I think we will receive the  
16 record as it is submitted now, but we will determine what  
17 will go into the written record in due course.

18 MR. MACDOUGALL: I might just comment on what  
19 Mr. Sinclair has said. I do not think it has been made  
20 as clear as it might have been that the case in the  
21 province of Quebec, with Mr. Archambault's organization,  
22 has been dealt with so far by a branch of the sessions  
23 court. It involves very complicated and detailed  
24 questions on constitutional law as to the rights and  
25 privileges which the railroad company may or may not  
26 have. Until that is finally determined, we submit  
27 that it would be improper for this Commission to consider  
28 it.

29 THE CHAIRMAN: Knowing something of that type of  
30 case, I think that ultimately the Supreme Court of Canada





1 will have some say on it.

2 MR. MACDOUGALL: I think that is the way to  
3 look at it.

4 THE CHAIRMAN: There is a new exhibit?

5 MR. ARCHAMBAULT: As outlined on page 24  
6 of the original brief, where we say --

7 THE CHAIRMAN: I suggest that we take this  
8 all into the record and file this as an exhibit.

9 MR. ARCHAMBAULT: We have a witness especially  
10 to explain this. I have only six witnesses, and I  
11 think it will be pretty short. May I express the  
12 opinion that the Commission wants to know what is  
13 going on in this province in regard to transportation  
14 and competition between rail and road transport. What  
15 we are trying to do is to give you facts.

16 THE CHAIRMAN: We are most concerned. Call  
17 your witness.

18 MR. SINCLAIR: It is my understanding,  
19 in the light of your ruling, Mr. Chairman, that the  
20 Commission will determine what part of the submission  
21 that is now before you is to be taken into the record?

22 THE CHAIRMAN: Into the written record.

23 MR. SINCLAIR: I would suggest, in regard  
24 to those sections of the brief that were mentioned by  
25 my learned confrere Mr. Macdougall as being under caveat  
26 that the witnesses should not speak to those.

27 THE CHAIRMAN: I do not understand that they  
28 are speaking to those. They are speaking to the facts  
29 of the industry in Quebec.

30 MR. ARCHAMBAULT: That is right. We will







1 not refer to the case of the Canadian National Railways  
2 against the Trucking Association of Quebec in connection  
3 with road transport between Montreal and Joliette. We  
4 will talk about something else that is not in court.  
5

6  
7 MR. SINCLAIR: As a small point of procedure,  
8 it might be helpful for us to know so we  
9 can follow and be intelligent about it. Mr. Archambault  
10 is now calling witnesses. I take it that each witness  
11 is going to deal with a section of the brief that is  
12 already written, is that so, or is the brief to be  
13 submitted to the Commission and nobody called on it?  
14 What is the situation? I am not clear.

15 THE CHAIRMAN: The situation as I understand  
16 it now is that the submission is made and in our hands  
17 and is being taken as read, subject to the statements  
18 respecting litigation. All the witnesses will be  
19 doing is supplementing and clarifying what is in the  
20 brief.

21 MR. ARCHAMBAULT: Exactly.

22 MR. SINCLAIR: These witnesses would be  
23 subject ---

24 THE CHAIRMAN: To cross-examination.

25 MR. SINCLAIR: On everything other than the  
26 parts under caveat?

27 THE CHAIRMAN: When a witness goes into the  
28 box he is subject to quite a wide area of cross-examina-  
29 tion.

30 MR. SINCLAIR: Yes, and I wanted you to make  
it clear that under the rules of this province cross-





1 examination is limited only to what is said in chief,  
2 and we do not follow that rule in a Commission such as  
3 this.  
4

5 THE CHAIRMAN: That is right. I think Mr.  
6 Archambault when he produces the witness is willing  
7 that he be asked any question in connection with the  
8 industry.

9 MR. ARCHAMBAULT: If it is your wish, Mr.  
10 Chairman,

11 THE CHAIRMAN: All right, Mr. Archambault.

12 MR. ARCHAMBAULT: Are there any other re-  
13 quests?

14 MR. SINCLAIR: It is not a request; it is a  
15 point of procedure.

16  
17 Following is the submission of the Trucking  
18 Association of Quebec, Inc., to the Royal Commission  
19 on Transportation, at Quebec City, March 18th, 1960.

20 The Trucking Association of Quebec, Inc.,  
21 appreciates the opportunity of appearing at this public  
22 sitting. The Association is a member of Canadian  
23 Trucking Associations Inc. and of the International  
24 Road Transport Union with headquarters in Geneva,  
25 Switzerland.

26 The Association was incorporated under the  
27 Professional Syndicat Law of our province; had at the  
28 end of the last fiscal year, 1,149 members in good  
29 standing, owning some 15,000 vehicles licensed by the  
30 Quebec Transportation Board.







1  
2 The road transport industry was humbly begun  
3 some thirty-five years ago. The great majority of its  
4 members started with one truck and constantly progressed  
5 from there. It is the typical story of competitive  
6 private enterprise. They have taken their earnings  
7 and plunged them back into their businesses -- into  
8 better wages and working conditions, into new equipment,  
9 into operating improvements such as teletypes, which  
10 now link the terminals of many trucking companies through-  
11 out the province. These small trucking enterprises grew  
12 not merely because shippers wanted the service they  
13 could provide; that, after all, is only the dry  
14 economics of growth. There is a human side to this  
15 story of growth. It is the story of men who put their  
16 capital into a humble start, got behind the wheel of a  
17 truck and staked their brains, brawn and ability on a  
18 future whose promises they considered bright.

19 There is also another reason which facilitated  
20 the rapid development of highway transportation,  
21 especially in our province. It is a fact that Quebec,  
22 with 30 per cent of the population of Canada and its  
23 vast territory, has only 11 per cent of the railway  
24 lines, while Ontario has more than twice that percentage  
25 and the majority of the western provinces has as many.  
26 These figures are shown clearly on page 775 of the  
27 1959 Canada Year Book:  
28  
29  
30





Railway Track Milleage Operated, 1900-57

NOTE - Figures of total mileage of single track operated for 1835-1909 are given in the 1941 Year Book p. 546; for 1911-14 in the 1954 edition, p. 786; for 1916-24 in the 1955 edition, p. 830; and for 1925-49 in the 1956 edition, p. 792.

Single Track Mileage		Track Mileage by Province and Type				
Year	Miles in Operation	Province and Type of Track	1954	1955	1956	1957
Single-						
1900	17,657	Newfoundland	705	910	934	934
1905	20,487	Prince Edward Island	285	285	285	285
1910	24,731	Nova Scotia	1392	1401	1391	1370
1915	34,882	New Brunswick	1834	1800	1799	1818
1920	38,805	Quebec	4831	4936	4940	5096
1925	40,350	Ontario	10378	10375	10516	10513
		Manitoba	4979	4979	4974	5005
1930	42,047	Saskatchewan	8721	8721	8721	8721
1935	42,916	Alberta	5651	5659	5680	5680
1940	42,565	British Columbia	3959	3981	4015	4071
1945	42,352	Yukon	58	58	58	58
1950	42,979	In United States	339	339	339	339
1951	42,956	Totals, Single .....	43132	43444	43652	43890
1952	42,953					
1953	42,163	Second	2485	2486	2476	2471
1954	43,132	Industrial	2181	2243	2386	1208
1955	42,444	Yard and Sidings	10962	11142	11318	11528
1956	43,652					
1957	43,890	Grand Totals .....	58760	59315	59830	59097

(Page 775 Canada Year Book 1959)





1           The trucking industry has often been accused  
2 of having progressed by offering its services at  
3 lower rates than its competitors. If this assertion  
4 is right, we are not at all ashamed, because is it not in  
5 the public interest to offer transportation service at  
6 the lowest possible cost? It is evident though, that  
7 there are other reasons to justify this rapid evolution  
8 of motorized transport. Many of these reasons are found  
9 in an interesting survey made during World War II by  
10 the Association of American Railroads for the purpose  
11 of developing information on postwar competitive  
12 conditions. The Railroad Association sent a  
13 questionnaire to shippers, asking them to give the  
14 main reasons for their use of road transportation.

15           78% replied: faster delivery

16           12% said: reduced tariffs

17           10% gave different other reasons such as:

18           less handling, less writing, less  
19           packing and less loss and damage  
20           to goods.

21           Under the spur of truck competition, transporta-  
22 tion in general has made remarkable improvements.  
23 Competitive service benefitted everyone concerned and  
24 has given Canadian agriculture and industry the  
25 finest transportation possible.

26           Statistical and Economic Analysis of the  
27 Industry's Growth.

28           1. The Changing Character of the Industry.

29           During the postwar era the trucking industry in  
30







1  
2 Quebec has undergone a dynamic change in its character.  
3 This change can be fully appreciated if the current  
4 problems of the industry are to be dealt with in a  
5 realistic way.

6 The fundamental changes of the industry can be  
7 discussed under three headings:

8 A. Growth of the industry.

9 B. Growth of the firm within the industry.

10 C. Growth of the "capitalization" of  
11 the industry.

12 Due to a comparative paucity of data on the  
13 traffic carried by highway transport in the province,  
14 the industry's growth must be estimated from the avail-  
15 able statistics of tons carried. These figures,  
16 however, do not fully reflect the industry's growth:  
17 if the work of a transport industry is to be measured,  
18 both the weight of goods carried and the distance  
19 over which the goods are transported -- i.e. ton-miles --  
20 must be considered. In the case of the trucking in-  
21 dustry the average distance travelled has been increas-  
22 ing, thus the industry's real output increased faster  
23 than the "tons carried" figures would indicate.

24 However, since only the "tons carried" data are  
25 available (on an incomplete basis) for the whole of the  
26 postwar period they are presented here as a growth  
27 indicator.  
28  
29  
30





<u>Year</u>	<u>Tons Carried</u> <u>Quebec Trucking Industry</u>
1946	3,431,733
1947	3,856,759
1948	3,995,737
1949	3,389,509
1950	5,765,337
1951	6,091,011
1952	7,148,347
1953	7,609,890
1954	7,548,745

Since 1955 only data relating to the larger trucking firms are available, they are:

1955	3,460,354
1956	3,706,444
1957	4,450,449

From the foregoing the following average rates of growth could be established subject to all the above mentioned qualifications, as well as to the other shortcomings of the available type of data:

1946 - 1954 average annual increase was 15.0%

1955 - 1957 average annual increase was 14.4%





PROVINCE OF QUEBEC  
JANUARY 1 — DECEMBER 31, 1958

CHART-1

TRUCK REGISTRATIONS BY TYPE OF OPERATION

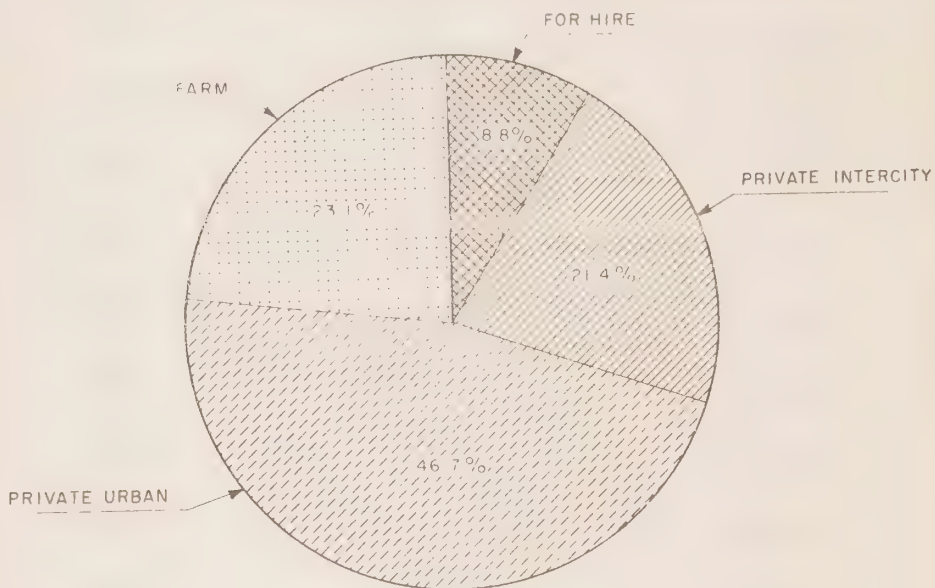
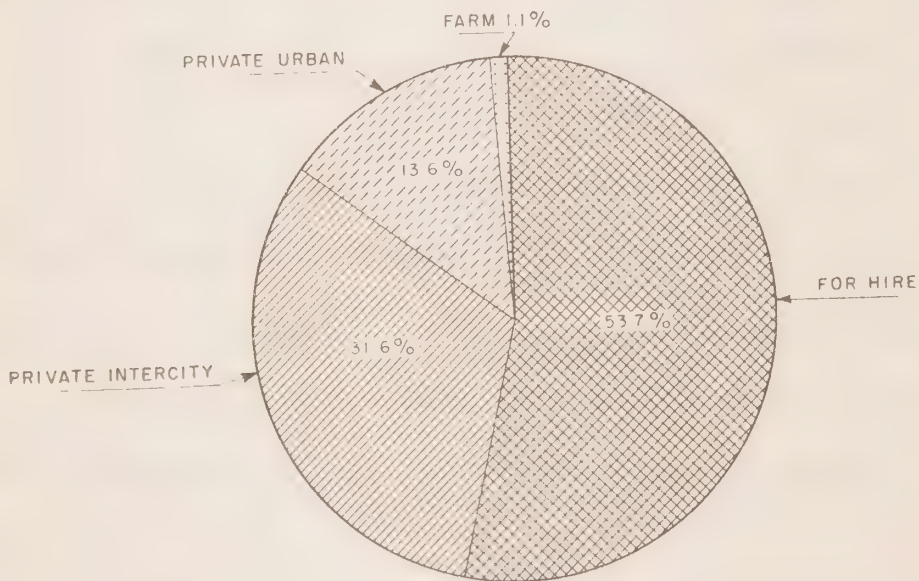


CHART-2

NET TON MILES BY TYPE OF OPERATION



Source: Dominion Bureau of Statistics,  
Motor Transport Traffic Statistics,  
National Estimates, 1958.





At the same time the individual firm in the industry has also grown in size. This is indicated in the table below:

<u>Year</u>	<u>Average No. of Employees per firm</u>	<u>Gross Investment per firm</u>
1946	14	\$ 50,895
1947	25	60,718
1948	26	57,538
1949	26	57,331
1950	18	66,136
1951	25	88,427
1952	25	92,895
1953	27	124,861
1954	24	123,092
1955	27	158,404
1956	26	163,584
1957	36	261,264

Although, due to the changes in the statistical coverage, the data from year to year is not strictly comparable, the general trend can easily be established:

An average trucking firm in the province of Quebec now employs almost three times more employees than in 1947.

(Note: very small firms, with gross annual revenues of less than \$20,000 per year are excluded from this calculation).

The capital invested per firm -- as measured in terms of gross investment per firm -- has increased more than five times since the end of the war.





It can be seen from the last table that the increase in the size of firm has taken place mainly in terms of capital invested. This increase in "Capitalization" of the industry is shown in the table hereunder.

<u>Year</u>	<u>Gross Investment per employee</u>	<u>Gross Investment per employee Index: 1947 = 100</u>
1946	3,602	
1947	2,359	100.
1948	2,189	92.8
1949	2,183	92.5
1950	2,659	112.6
1951	3,496	148.2
1952	3,679	156.0
1953	4,626	196.1
1954	5,034	213.4
1955	5,903	250.2
1956	6,472	274.4
1957	7,200	305.2

The above tables indicate the following pattern of development:

The industry's output has been increasing spectacularly since the end of the war.

This increase has been accompanied by a growth in the size of individual firms.

The industry's growth was accompanied by, and can only be explained by, the increase in the productivity of trucking firms: this productivity increase has been accomplished by a continuous investment of new capital.







1  
2 As the result of these changes today's truck-  
3 ing industry is much more stable than in the past: it is  
4 also a much more efficient industry. However, at the  
5 same time, if it is going to continue to play an im-  
6 portant role in the economy of the province, it must  
7 not be exposed to ruinous subsidized competition.

8 By a pure extrapolation of the past, the  
9 industry will have to continue to invest between 10  
10 and 40 per cent of its capital per year if it is to  
11 maintain its present rate of expansion. A subsidized  
12 competition which would cut the industry's revenues  
13 would make such a process impossible since

14 - the disappearance, or a heavy cut of  
15 revenues earned, would deprive the  
16 industry of the large part of new capital  
17 -- reinvested profits being an important  
18 part of new capital available to meet  
19 the industry's needs -- a forced decline  
20 in profits and revenues would make the  
21 industry unattractive to outside in-  
22 vestors.

## 23 2. Public Trucking Industry as an Employer.

24 All the previously quoted statistics have  
25 been either directly or indirectly derived from the  
26 publication series of the Dominion Bureau of Statistics  
27 "Motor Carrier". However, in order to estimate the  
28 labour force employed by the "for hire" sector of  
29 the trucking industry, the DBS data has to be adjusted.  
30 According to the above quoted DBS report (Motor Carrier-





1 Freight, 1957), the industry employs on the average  
2 1.9 employees per automotive unit (i.e. trucks and  
3 highway tractors). According to the Annual Report of  
4 the Quebec Transportation Board for the year ending  
5 June 30, 1959, there were 23,531 "for hire" trucks  
6 licensed in Quebec. Applying the 1.9 ratio, a  
7 conservative estimate would indicate that the public  
8 trucking industry in Quebec -- public carriers only --  
9 employed directly about 44,800 persons. To this figure  
10 would have to be added, as well, the number of persons  
11 employed indirectly by the industry, namely, service  
12 station attendants, mechanics, etc. A ratio 1:1, i.e.,  
13 one indirect to one direct employee is normally assumed  
14 for an industry like trucking, which has to depend  
15 heavily on outside service. We would emphasize that  
16 our employment figures only include employees of "for  
17 hire" truck owners.

18  
19 Accordingly, taking both indirect labour and  
20 a conservatively estimated rate of growth into account,  
21 the "for hire" or public carrier sector of Quebec's  
22 trucking industry employs approximately 90,000 persons.

23 In view of the fact that wage claims and wage  
24 increases lead to the railways' application for rate  
25 increases and consequently to the complaints which  
26 resulted in the appointment of the present Royal  
27 Commission, the following information on wage trends  
28 in Quebec trucking industry may be of interest:  
29  
30







<u>Year</u>	<u>Wage Index: 1947 = 100</u>
1947	100
1948	100.6
1949	116.6
1950	124.0
1951	125.4
1952	140.3
1953	163.2
1954	190.8
1955	188.8
1956	193.4
1957	212.1

Source: Dominion Bureau of Statistics  
Motor Carriers - Passengers, Freight

Note: Due to the changes in coverage year to year changes may not be accurate, the long term trend, however, is believed to be accurately represented by this series.

From the above figures it is obvious that the wage costs of the trucking industry have doubled on a "per capita" basis; only the increase in productivity due to larger investments allow the industry to stay competitive and increase the scope of its operations.



Quebec Trucking Industry

WAGE TRENDS IN QUEBEC TRUCKING INDUSTRY

Source: Dominion Bureau of Statistics,  
Motor Carriers - Freight

Note: The statistics relate to trucking firms with gross annual revenue of \$ 20,000 and over.

Year	Total Salaries and Wages		Average Number of Employees		Average Annual Wage *		Index (1947 = 100)	
	QUEBEC	CANADA	QUEBEC	CANADA	QUEBEC	CANADA	QUEBEC	CANADA
1946	3,040,402	10,904,680	1,752	6,062	1,735	1,799	100	100
1947	5,122,944	21,068,173	3,192	11,600	1,604	1,816	100.6	107.4
1948	6,168,077	26,158,540	3,784	13,416	1,630	1,950	116.6	118.5
1949	6,682,660	31,302,703	3,571	14,543	1,871	2,152	124.0	126.2
1950	7,627,738	35,899,329	3,834	15,666	1,989	2,292	125.4	136.6
1951	8,316,763	41,529,631	4,148	16,749	2,012	2,480	140.3	151.5
1952	11,835,949	54,150,292	5,257	19,681	2,251	2,751	163.2	163.6
1953	13,205,885	62,736,103	5,047	21,116	2,617	2,971	190.8	181.5
1954	11,450,788	63,291,900	3,741	19,203	3,061	3,296	186.8	188.4
1955	12,138,411	76,451,668	4,052	22,338	2,996	3,422	193.6	192.0
1956	13,973,837	83,079,990	4,499	23,828	3,105	3,487	212.2	207.7
1957	17,285,037	95,586,035	5,080	25,347	3,403	3,771		

\* Average Annual Wage is simply "Total Salaries & Wages" divided by the "Average Number of Employees"; since "Average Number of Employees" includes also part-time and seasonal workers, "Annual Average Wage" tends to be lower than the "true average" or typical wage. The changes in "Annual Average Wage" over the years are a good indicator, however, of typical wage changes.





Quebec Trucking Industry

GROSS INVESTMENT IN TRUCKING INDUSTRY

Source: Dominion Bureau of Statistics, Motor Carriers -  
Freight, Passengers

Note: These statistics relate to motor carriers (freight)  
with Gross Annual Revenue of \$ 20,000 and over.

Y e a r	Gross Investment per firm \$		Gross Investment per Employee \$		Gross Investment per Employee Index: 1947 = 100	
	QUEBEC	CANADA	QUEBEC	CANADA	QUEBEC	CANADA
1946	50,895	52,696	3,602	4,060	100.0	100.0
1947	60,718	59,416	2,359	2,612	92.8	101.8
1948	57,535	59,724	2,189	2,658	92.5	110.7
1949	57,331	67,624	2,183	2,892	112.6	131.4
1950	66,136	74,855	2,656	3,431	118.2	149.4
1951	88,427	80,707	3,496	3,903	156.0	160.2
1952	92,995	90,720	3,679	4,185	196.1	190.8
1953	124,861	110,695	4,626	4,985	213.4	212.4
1954	123,092	125,624	5,034	5,548	250.2	227.4
1955	158,404	115,157	5,903	5,939	274.4	245.3
1956	163,584	175,239	6,472	6,406	305.2	257.6
1957	261,264	222,048	7,200	6,728		







1 Shall we remove all barriers to the acquis  
2 tion of the trucking industry by the railroads?

3  
4 As part of any attempt to solve the problem of  
5 the railways, it is not logical to allow them to go  
6 into road transportation, where they will not be in a  
7 position to render better services to the general  
8 public. Moreover, this would create another problem  
9 of transportation in the road transport field. Our  
10 governments, instead of having to cure one patient,  
11 will have to take care of two. We would emphasize that  
12 the entry of the railways into road transportation is  
13 not demanded by the public, but only by the railway  
14 interests for their own benefit.

15 The trucking industry, as we know it today,  
16 had a difficult start. It had to maintain services  
17 even when building. Improvement and maintenance of  
18 highways had not reached the modern standard of today.  
19 Truck operators were the pioneers in the opening of the  
20 roads in wintertime in order to serve the shipping  
21 public twelve months a year. Now that the motorized  
22 transport industry is well organized, and now that it  
23 has established regular services linking every region  
24 of Quebec with all other provinces from coast to coast,  
25 the railways wish to come into the picture with all their  
26 financial power, their subsidies and paternal help of  
27 the federal government. The financial power and  
28 special privileges of the railways could allow them  
29 to operate at loss until the disappearance of competi-  
30 tion. Afterwards, lack of competition would leave





1 industries and merchants depending on the good will of  
2 terrestrial monopoly.

3  
4 As compared with the vast super companies  
5 controlling the railroads, it is fortunate that the  
6 public in general, industries, merchants, and farmers,  
7 can rely on true free enterprise owned by citizens they  
8 see every day and who do not impose their will on users  
9 but comply with the needs of trade and industry. From  
10 the point of view of public interest, the greatest  
11 danger is the possibility of elimination of real  
12 competition in transportation.

13 The proper function of a railroad corporation  
14 is to operate trains on its tracks, not to occupy the  
15 waters with ships and the sky with planes and the roads  
16 with trucks in mock competition with itself which in  
17 reality cooperates to the extinction of all genuine  
18 competitions.

19 What would the result be if the railways had  
20 unlimited access in road competition?

21 In Canada, under the Aeronautics Act, no  
22 surface carrier can obtain a licence for commercial  
23 air transportation without the federal cabinet's specific  
24 permission. This is in addition to the normal regula-  
25 tory hearing by the Air Transport Board. In the  
26 United States the principle of surface carriers pro-  
27 jecting their control of transport into the air is  
28 taken even more seriously -- no surface carrier may  
29 participate in commercial air transport.

30 If this principle is good for air transportation,







1 it should also be advantageous and applicable to road  
2 transportation. At the present time, a strike or  
3 other labour dispute in the transportation world may  
4 close down an air line, a railroad or a truck or  
5 bus line. But imagine the ramifications if there was  
6 a labour union for all forms of transportation in a  
7 given area, or even over an entire country, should the  
8 transportation system extend to such scope.

9 If independent truck lines are eliminated  
10 as competitors, the railroads, for all practical pur-  
11 poses, would have a monopoly over the "for Hire" freight  
12 business.

13 That would mean:

14 Shippers would virtually lose their choice of  
15 service -- rail or truck.

16 Truck service, under railroad domination,  
17 would have little prospect of real development.

18 Freight service in general, lacking the  
19 spur of healthy competition, would deteriorate.

20 Shippers, ultimately, would be paying premium  
21 prices for inferior service.

22 Today road transport in general must operate  
23 its services through its own means without the paternal  
24 help of the state. It is obvious that railways with  
25 enormous investments, rights of way and rolling stock  
26 would have very little real interest in throttling it.  
27 Local merchants and industrials also affected if railways  
28 owned the trucks.

29 Truck fleet owners buy their supplies, equipment,  
30





1 gasoline, tires, etc. from firms and suppliers spread  
2 throughout the province, through local salesmen. If  
3 the railways engaged in the road transportation busi-  
4 ness on a large scale, through centralized purchases  
5 as they are doing now, they would eliminate all the  
6 local businesses that are presently supplying road  
7 transportation. This is extremely serious for the  
8 economy of the small enterprise.

9 The federal government has always favoured  
10 the small free enterprise, supplied the technical help  
11 and granted loans to the small trade. Such encourage-  
12 ment was given for social, economic and political  
13 reasons.

14 The federal government has also established an  
15 office for aiding small private enterprise. On the  
16 other hand, the government is opposed to commercial  
17 coalitions, fusions and monopolies.

18 We are of the opinion that the entry of rail-  
19 ways into the road transport concerns the small free  
20 enterprise of suppliers and operators and is a direct  
21 threat to its existence. The trucking industry will  
22 not be able to fight very long with the financial power  
23 of a railway monopoly, feeding itself with moneys from  
24 the taxpayers.

25 The Public has opposed the Railways in their  
26 application to enter the trucking business.

27 The public is satisfied with the present  
28 system of transport, namely: trains on railroads and  
29 independent motor trucks on highways, each one in its  
30 own field.







1 This was shown in public hearings when the  
2 Canadian Pacific Railway in 1951 tried to be granted  
3 permission to operate truck transport between Montreal  
4 and St. Jerome. Public organizations such as Chambers  
5 of Commerce, deposited motions to the Transportation  
6 Board, stating: "We are fully satisfied with the  
7 interurban service as operated by the small private  
8 enterprise and we recommend the refusal of the C.P.R.  
9 request."

10 The merchants and shippers had also protested  
11 against that request and a witness among others, Mr.  
12 Alcide Desjardins of St. Therese, declared to the  
13 Transportation Board: "Fifteen years ago, before the  
14 existence of interurban trucking, we were depending  
15 on the C.P.R. for delivery of goods purchased in  
16 Montreal. We had no service. The train was unloading  
17 our consignments at the station and we had to pick them  
18 up. With truck competition, the C.P.R. has altered  
19 its mind and is now delivering parcels received by  
20 train. Let the C.P.R. kill competition, and we will be  
21 again in the same situation as before."

22 In the report of the Turgeon Royal Commission  
23 on Transportation published on February 9th, 1951, it is  
24 also mentioned that the Manitoba Federation of Agri-  
25 culture and the Anglo-Canadian Oils Ltd. stated that the  
26 railway companies should not be permitted to go into  
27 the ownership and operation of truck lines because, they  
28 said, this would have the effect of stifling competition.  
29 The Calgary Board of Trade, the Edmonton Chamber of  
30 Commerce, the Cities of Edmonton and Calgary, the Alberta







1 Co-operative Union and the British Columbia Feed Manu-  
2 facturers' Association expressed the view that railways  
3 should not be allowed to purchase truck lines unless  
4 they are complementary to rail services.  
5

6 When the C.P.R. requested the transfer of the  
7 majority of shares of Smithson's Transport Holdings Ltd.,  
8 representatives of commerce and industry came before  
9 the Quebec Transportation Board, to express their opposi-  
10 tion; the same thing occurred when the C.N.R. requested  
11 a trucking permit to run between Montreal and Granby.

12 The Edmonton Journal, reporting on an address  
13 delivered to the Annual Banquet of the Alberta Motor  
14 Transport Association, by Honourable Gordon Taylor,  
15 Minister of Highways for Alberta, included the follow-  
16 ing in its issue of December 12, 1959, on the Minister's  
17 speech:

18 "In the United States, he said, legislation  
19 forbids railways and truck lines from buying out  
20 other truck lines operating parallel to them. We  
21 need this in Canada. We're too young a nation  
22 to have our transportation system monopolized."

23 "Individual enterprise by truckers' willing  
24 to compete against any other systems as well as  
25 against other truckers' built the Canadian truck-  
26 ing industry, Mr. Taylor said."

27 "'Today there is a tendency to do away  
28 with the individual owner. Across Canada four  
29 or five enterprises are trying to take over the  
30 entire trucking industry.' He mentioned  
specifically the CPR and Brazilian Traction."





1 "If this continues and if the railways,  
2 especially the CPR, continue their tremendous  
3 empire-building soon there will be no competition  
4 between trucks -- then who will pay the bill?  
5 The people will!"

6 Other countries have established regulations  
7 prohibiting in the public interest, the entry of the  
8 railways into truck transportation.

9 In Germany, Holland, Italy and France and  
10 Mexico railways cannot purchase trucks for transport  
11 operation without authorization of their respective  
12 Ministry of Transport. In fact, official quarters  
13 fear, specially in France and Germany where railways  
14 operate at loss, that road transport operated by the  
15 railways also become in deficit. In Switzerland the  
16 situation is slightly different. An agreement was  
17 arrived at between railways and road carriers according  
18 to which railways engage themselves not to operate  
19 truck transport, in compensation of which, road transpor-  
20 ters take certain engagement in tariff matter.

21 These different prescriptions are contained  
22 for France in the decree of November 14th, 1949 as  
23 well as in the specifications imposed on railways by the  
24 Government (articles 8 and 20); for Switzerland in the  
25 agreement arrived at between the C.C.F. and the Trans-  
26 port Community; for Germany in the convention of the  
27 road transport of merchandises of October 17th, 1952  
28 (6th part, paragraphs 45, 46 and 47).

29 The Interstate Commerce Commission (U.S.A.)  
30 applying the principle of the Sherman Act concerning







1  
2 cartels and monopolies, has generally refused the  
3 access of railways in road transportation.

4 We extract the quotations of the three fol-  
5 lowing paragraphs appearing in a report concerning the  
6 case in the Supreme Court of the United States: American  
7 Trucking Associations Inc. vs Interstate Commerce Com-  
8 mission.

9 The American Congress forbade railroad control  
10 of the motor carrier industry. By section 213 of the  
11 Motor Carrier Act of 1935 (now included in section 5  
12 of the Interstate Commerce Act), the Interstate Com-  
13 merce Commission which had been charged with the Act's  
14 enforcement, was authorized to approve the acquisition  
15 of control of a motor carrier by another such carrier,  
16 upon a finding after hearing that the transaction  
17 proposed will be consistent with the public interest.  
18 However, should the applicant for Commission approval  
19 be a carrier other than a motor carrier, (that is  
20 a carrier by railroad, express or water), the Commis-  
21 sion was precluded from acting favourably thereon unless  
22 the proposed transaction promote the public interest and  
23 do not unduly restrain competition.

24 In speaking of this limitation on the right  
25 of the railroads to acquire motor carriers, Chairman  
26 Sadowski of the House Committee on Interstate and  
27 Foreign Commerce said:

28 "Section 213 provides that the Commission  
29 shall control the consolidation, merger and  
30 acquisition control of motor carriers. I will





1 say in this respect that it is the intent and it  
2 is important to the welfare and progress of the  
3 motor carrier industry that the acquisition of  
4 control of the carriers be regulated by the Com-  
5 mission so that the control does not get into the  
6 hands of other competing forms of transportation  
7 who might use the control as a means to strangle,  
8 curtail or hinder progress in highway transpor-  
9 tation for the benefit of the other competing  
10 transportation."

11 To the same effect, Senator Burton K. Wheeler,  
12 then Chairman of the Senate Committee on Interstate  
13 Commerce, said of the proviso of section 213 of the  
14 bill:

15 "With this limitation it will be possible  
16 for the Commission to allow acquisition which  
17 will make for coordinated or more economical  
18 services and at the same time to protect the  
19 public against the monopolization of highway  
20 carriage by rail, express or other interest."

21 It is necessary, in the public interest, to  
22 have competition in transportation in general, and it  
23 is said in the report to the Royal Commission on  
24 Canada's Economic Prospects, signed by Mr. J. C. Lessard,  
25 ex-federal deputy Minister of Transport, and we quote  
26 (page 94):

27 "The impulse of service competition brought  
28 favourable results in the transport industry.  
29 Generally speaking, shippers have benefitted  
30 of new services offered, of improvement of





1 existing services and in many cases, competition  
2 brought reduction of rates."  
3

4 Development of Piggyback Service.

5 In Canada, piggyback service dates back to  
6 1952 when the railways started to move their own rail-  
7 billed trailers by freight cars. It was in 1957 that  
8 this service -- piggyback -- was extended to public  
9 carriers. Piggyback will probably not prove economical  
10 over short distances. A study in the United States  
11 revealed that the minimum distance over which piggyback  
12 can be used efficiently is 175 miles. On short runs,  
13 the trucker can reach destination and come back before  
14 the piggyback train can even get started.

15 There is no doubt that piggyback can do many  
16 things for truckers. It is the best answer to the  
17 problems of moving excess truck traffic. It allows  
18 the loading of more weight on the flat car than can  
19 be sent over the highway. The yearly thawing period  
20 when half load is permitted, is probably the greatest  
21 single incentive for many truckers to consider piggy-  
22 back.

23 Generally the cost of piggyback is just about  
24 the same as the cost to truckers to move the same  
25 trailer over the road under normal circumstances.  
26 Piggyback will assure less problems created by the  
27 caprices of the season, restrictions, breakdown, delays  
28 due to blowout, snow storms or ice conditions, acci-  
29 dents, Sunday restrictions on truck traffic, etc.  
30 There is the danger that this coordination of rail and  
road transport through piggyback creates a certain







1 danger of cartel or monopoly, because competition is  
2 inclined to diminish between the railways and motor  
3 carriers. This is not good for the public. It  
4 eliminates the energy and aggressiveness of competition  
5 which corresponds to "SERVICE".

6 Truck transportation is a means of trans-  
7 portation by itself; it does not need the help of  
8 another agency to operate. Those motor carriers  
9 using piggyback become solely railway agents and are  
10 at the mercy of the railways.

11 They should remember that they have nothing  
12 else to sell but their services, yet, under piggyback,  
13 their very existence depends on the service of their  
14 competitors. If, after a few years of using piggyback  
15 they realize they are not satisfied, they will wake up  
16 with no trailers, no skilled truck drivers, and probably  
17 no more reciprocal licensing arrangements between  
18 provinces and states.

19 The manufacturers of trucks, tires, etc. are  
20 already feeling the impact of piggyback in Canada, since  
21 power vehicles are not requested any more for this type  
22 of intercity freight movement. They have no illusions;  
23 they know that much worse is to come if railways' in-  
24 tention to extend piggyback service is realized.

25 The Extent of the Railways Freedom in Rate-Making.

26 There is no other industry where com-  
27 petition is so intense than the trucking industry.  
28 Trucking firms compete between themselves, shippers and  
29 merchants compete by buying their own vehicles, but the main  
30 competition of the Quebec trucking industry is the railway





1 competition. The importance of rate competition of  
2 the railways which the trucking industry has to meet is  
3 indicated by the fact that competitive rates and agreed  
4 charges account for almost one half of railway traffic  
5 -- as measured in ton miles -- according to the 1958  
6 sample survey of the Board of Transport Commissioners  
7 for Canada.

8 The Canadian railways have reduced truck  
9 transport rates in our province. Trucking tariffs in  
10 the Province of Quebec, are public, published and  
11 ratified by the Transportation Board, while certain  
12 railroad tariffs are accepted by phone and in many  
13 cases are known only when enforced.

14 The extent of the railways' freedom to  
15 compete ratewise with the trucking industry was brought  
16 out in evidence given before the Royal Commission on  
17 Agreed Charges by Mr. Charles Edsforth, Assistant  
18 General Traffic Manager of the Canadian Pacific Railway.  
19 At the final hearings in Ottawa he was questioned on  
20 November 8th, 1954, by Mr. F. R. Hume, Q.C., counsel  
21 for Canadian Trucking Associations. Mr. Edsforth's  
22 answers appear at page 975 of the transcript, as  
23 follows:

24 "Mr. Hume: Q. Is it not true that the  
25 railways may put in a competitive rate and  
26 meet the truck rate almost overnight?

27 "The Witness: A. They can put it in  
28 on short notice, that is right.

29 "Q. So that the railways are just as free  
30 to quote a rate on any competition with the







1 truck as the truck is on any competition with  
2 the railways?

3 "A. We are free to quote a rate just as  
4 much as the trucker is."

5  
6 The ability of the railroads to make compe-  
7 tition rates unhampered by any formality other than a  
8 telephone conversation with a shipper was confirmed  
9 by the CPR witness. At pages 1002 and 1003 of the  
10 November 8th transcript we find this:

11 "Mr. Hume: Then, just at the top of page  
12 5, perhaps we have discussed this and I do not  
13 need to labour it, your reference there is to the  
14 operators of highway transports making a rate  
15 by telephone or at the shipper's door. So  
16 far as the railways are concerned, and let us  
17 say the larger truckers, the two positions are  
18 almost comparable ---

19 "A. I know that so far as the railways  
20 are concerned, but I do not know so much about  
21 the trucking companies, the large trucking  
22 companies, just how they operate. I do not  
23 think they really are, because of their size,  
24 in the same position as the railways. I think  
25 they could make rates probably more quickly  
26 than we could.

27 "Q. Can you not make rates by telephone?

28 "A. We can make rates by telephone, certainly.

29 "Q. But you cannot make them at the shipper's  
30 door.





1 "A. Well, it is rather an impractical sort  
2 of thing.

3 "Q. You will agree with me, that except for  
4 the man who is driving his own truck, the trucker  
5 cannot make rates at the shipper's door, either?

6 "A. Unless they give their drivers the  
7 right to do that.

8 "The Commissioner: Q. Who can make rates  
9 on behalf of the railways by telephone?

10 "A. An officer who is in charge of making  
11 freight rates can make a rate with the shipper  
12 over the telephone, in conversation.

13 "Q. The officer who is in charge -- where  
14 is he located?

15 "A. In Montreal, sir, at headquarters, of  
16 course, and then we have officers in Toronto who  
17 are likewise able to do that, and again in  
18 Winnipeg and in Vancouver."

19 Some railway agreed charges are so low that  
20 it seems impossible that they could be compensatory for  
21 the railways. Here are two typical examples cited  
22 to our Association by one of the many members affected  
23 by agreed charges:

24 Example No. 1:

25 "In respect to deliveries of bunker oil from  
26 the Montreal East refineries to the West end of  
27 the city, the rail cars are loaded at the east end  
28 refineries and by the time they arrive at the  
29 customer's receiving point in any western part  
30 of the city, and the car has been spotted for





1 unloading, a minimum of twenty-four hours has  
2 elapsed. When the car is unloaded, and finally  
3 returned to the refinery, at least an additional  
4 twenty-four hours has elapsed, making it a  
5 minimum of forty-eight hours that this car has  
6 taken to make a single delivery. For this, the  
7 railway receives \$32.00, the average car  
8 containing 8,000 gallons and their agreed rate  
9 being \$0.40 per 100 imperial gallons. This  
10 means that if the car was returned in the forty-  
11 eight hours, it has earned approximately sixty-  
12 five cents per hour, less, even, than a floor  
13 sweeper earns. In many cases, cars making one  
14 delivery take much more than forty-eight hours.  
15 The same thing applies in the entire 200 mile  
16 radius around Montreal in regard to petroleum  
17 product deliveries under agreed charges. It  
18 might also be pointed out that the Canadian  
19 National Railways have practically all their oil  
20 deliveries, and also the diesel fuel which is used  
21 for their locomotives, delivered to their various  
22 shops by tank trucks, because they find that it  
23 is much cheaper to do so than to bring it in  
24 their cars."

25 Example No. 2:

26 "We would like to point out Road Asphalt which  
27 is not under the agreed charge, although exactly  
28 the same tank cars are used to deliver Bunker "C"  
29 fuel oil or asphalt. Let us take a train of cars  
30 going to Ottawa. Some of these cars are loaded







1 with asphalt while some others are loaded with  
2 gasoline, light oils or bunker oils. All types  
3 of cars contain 8,000 gallons each. The agreed  
4 rate for the oil is \$1.46 per 100 gallons, making  
5 a total of \$116.80 for each car, but the car  
6 containing asphalt is charged at \$8.00 per ton;  
7 8,000 gallons of asphalt, weighing approximately  
8 forty tons, produces total earnings of \$320.00 for  
9 each car. Therefore, with the same car in use,  
10 one under the agreed charge and one under the  
11 normal charge, there is more than \$200.00 dif-  
12 ference per single car. The same comparison  
13 applies to all oils and asphalts delivered out  
14 of the City of Montreal. We imagine the same  
15 thing applies everywhere, and still in all the  
16 railways are again seeking an additional freight  
17 hike, and again not wishing to touch these agreed  
18 charges. In summing up the writer seems to  
19 fail to see where the fairness is in the above  
20 when money is being lost at one end and over-  
21 charges are being made on the other end, when  
22 it is possible that when a freight hike is  
23 granted and if it is applied to everything  
24 right across the board, the public would benefit  
25 by a substantial and fair rate instead of having  
26 both a feast and a famine."

27 The Right to Be Heard.

28  
29 On several occasions the trucking industry has  
30 requested the federal government that the industry be  
authorized to appear at public sittings of the Board of

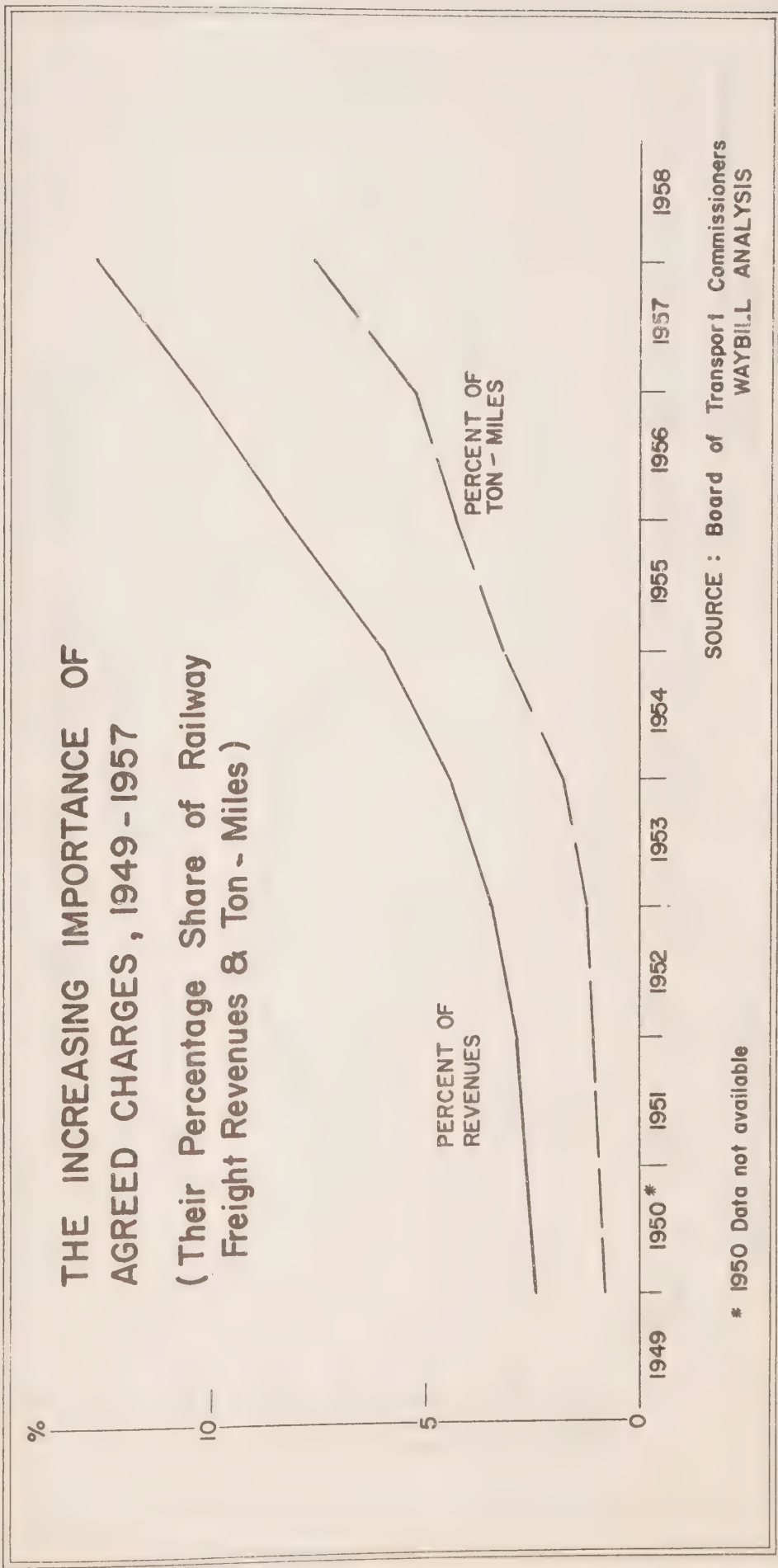




1 Transport Commissioners of Canada, in order to discuss  
2 certain railway tariffs. This right has constantly  
3 been refused to the trucking industry, except an amendment  
4 to the law a few years ago, allowing it to be heard after  
5 a special authorization of the federal cabinet and only  
6 when the life of trucking was in danger. The railways  
7 have the right to appear in front of the Quebec Transpor-  
8 tation Board sittings and they often used this privilege.  
9 We are requesting the same privilege by Ottawa.  
10  
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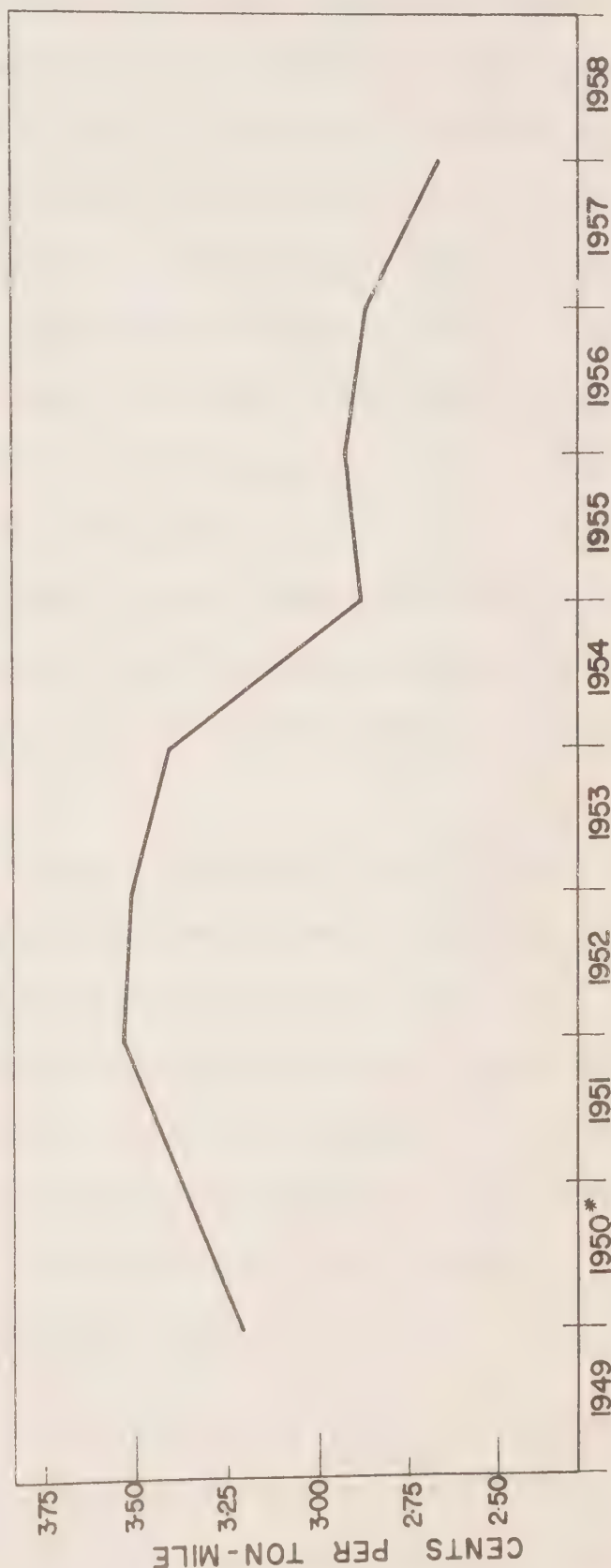








# REVENUES FROM AGREED CHARGES 1949-1957



SOURCE : Board of Transport Commissioners  
Waybill Analysis

\* 1950 Data not available





1  
2 Railroad Freight Rate Subsidy.

3 On July 10th, 1959, the Board of Transport  
4 Commissioners of Canada issued an ordinance, No. 98424,  
5 ordering the Canadian railways to reduce some of their  
6 class and commodity rates (other than competitive rates)  
7 by 7 per cent. Many of the Quebec carriers were then  
8 put in a position that they had to reduce their tariffs  
9 in order to meet the railway competition. Other truck  
10 operators in the Province of Quebec are now charging more  
11 than the railways on account of the reduction of the  
12 railways through a public subsidy of 20 million dollars  
13 by the federal government.

14 We feel that the federal government, through  
15 public subsidies to the railways, competes with the  
16 private enterprise well characterized by trucking enter-  
17 prises.

18 We respectfully suggest that if the federal  
19 government in the interest of part of the population,  
20 or a specific industry, decides, in the public interest,  
21 to grant subsidies to transportation, these subsidies  
22 should be given to interested persons, who in return,  
23 would choose their means of transportation, instead of  
24 being given to the sole benefit of railways.

25 Opening of the Quebec City Harbour  
during the Winter Season.

26 In the transcript of the Royal Commission on  
27 Transportation upon its session at Fredericton, N. B., on  
28 November 9th, 1959, we read the following on page 262:

29 "We submit that the winter navigation on the  
30 Lower St. Lawrence River cause a chain reaction







1 that must eventually produce the loss of all  
2 winter traffic to Canadian Atlantic Ports."

3 "There can be no reasonable doubt that the  
4 competition between the Ports of Quebec and  
5 Montreal will cause business interest in  
6 Montreal to urge the federal government to  
7 extend the service of navigational aids upriver  
8 so that Montreal too will be an ice free port  
9 during the winter season."  
10

11 And we see on page 263:

12 "In addition to the great damage that will  
13 be caused by wage earners and business interest  
14 in the Maritimes, it should be obvious that  
15 the Canadian National Railways must experience  
16 a substantial drop in their freight earnings  
17 when the new existing traffic between the Atlantic  
18 seaboard ports and inland points such as Montreal  
19 and Quebec, gradually disappear as it will over  
20 the years that are immediately ahead."

21 This was a submission by the Saint John Board  
22 of Trade.

23 We believe that winter navigation in Quebec  
24 City is more a real progress favourable to the foreign  
25 trade of the whole of Canada than a selfish formula  
26 aiming to promote the development of a sole locality.  
27 Presently in Europe there exists a severe competition  
28 for our main exportations: asbestos, newspaper,  
29 aluminum, etc. A few years ago, the sale of Canadian  
30 asbestos accounted for 93 per cent of the total European





1 consumption of that product. On account of the Soviet  
2 competition, our share of this market has dropped lately  
3 to 67 per cent. Moreover, our Canadian exporters of  
4 paper for newspaper in Europe have to meet today a severe  
5 competition from the Russians and Scandinavians who sell  
6 their paper much cheaper than ours.

7  
8 In its submission to the Gordon Commission,  
9 the Aluminum Company of Canada stated that the sales of  
10 semi-manufactured aluminum products could come down on  
11 the export markets because of an increasing competition  
12 from the foreign countries.

13 Shipping through the Quebec harbour in winter  
14 time means for these industries some savings which would  
15 enable them to recover the ground they have lost on the  
16 world market.

17 These savings are realized not only by a lower  
18 transportation cost, but also by the fact that producers  
19 and customers do not have to tie up huge capitals, hence  
20 a reduction of the working capital, in increased warehouse  
21 facilities and in the accumulation of considerable stocks  
22 for the winter months.

23 Many other products could also be exported  
24 more economically. A thorough study of transportation  
25 rates for 25 types of commodities discloses that savings  
26 from .02 to .47 per 100 pounds can be realized on  
27 shippings through the Quebec harbour in winter time.  
28 It would, therefore, be in the interest of a great number  
29 of Canadian shippers to avail themselves of this new  
30 possibility.







1  
2 Since the establishment of two mighty coalitions  
3 for economical purposes in Europe, the market of  
4 the six countries and the area of the seven countries,  
5 it is becoming more and more imperative to expand our  
6 foreign trade if we are to retain our share of the world  
7 market. Is not winter navigation a good way to foster  
8 such an expansion?

9 The Trucking Association of Quebec respectfully  
10 suggests that the federal government should support  
11 by every possible means those who strive to keep Quebec  
12 harbour open to winter navigation, and provide the service  
13 of icebreakers and any other tangible help that  
14 may be required.

15 Truck Control.

16 It is under the aegis of the provinces that  
17 the trucking industry has developed. Provincial regulatory  
18 boards have been created to guide the evolution of  
19 trucking in the public interest. These provincial  
20 regulatory boards can more easily judge the regional  
21 needs and the necessities of transport services. They  
22 have acquired long experience in control and regulation  
23 of trucking and function to the satisfaction of shippers  
24 as well as the trucking industry.

25 In regard to entry into the trucking field,  
26 the Quebec Transportation Board controls such entry by  
27 a public hearing at which it considers public convenience  
28 and necessity as the basis for such entry. The Board  
29 must approve all transfers of licences. A highway  
30 operator may expand his fleet at his discretion but must  
obtain approval from the Board for route extension.





1 Under the Quebec Transportation Board Act,  
2 motor carriers must file all rates with the Transporta-  
3 tion Board. The Board has authority to amend any rates  
4 in order to make them "fair and reasonable." It is  
5 an offence for a carrier or a shipper to charge or  
6 accept rates which differ from those on file with the  
7 Board, and on conviction the following fines may be  
8 levied:

9 First Offence	\$10.00 to \$ 25.00
10 Second Offence	\$25.00 to \$ 50.00
11 Subsequent Offences	\$50.00 to \$100.00

12 In addition, where a rate in excess of the  
13 filed rate has been charged, the carrier must refund  
14 the difference. After three convictions for rate  
15 offences the Transportation Board may recommend cancel-  
16 lation of registration permits for vehicles concerned  
17 in the offences.

18 It is acknowledged generally throughout the  
19 trucking industry that in the Quebec Transportation Board  
20 Act the Province of Quebec has one of the best and most  
21 complete pieces of truck control legislation in Canada.

22 The formation of the Canadian Motor Vehicle  
23 Association (of provincial administrators) last year,  
24 the most important result of the Interprovincial Con-  
25 ference on Motor Transport at Victoria, is the most en-  
26 couraging demonstration to date of the determination  
27 of provincial governments to work together in coordina-  
28 ting regulation of extra-provincial highway transport.

29 Since the federal government has enacted the  
30 Motor Vehicle Transport Act on its assumption that





1 jurisdiction over international and interprovincial  
2 truck transport is federal, a successful system of  
3 extra-provincial truck control depends on the coordina-  
4 tion, under authority of federal legislation, of the  
5 activities of provincial regulatory boards, carrying out  
6 the dual role of intra-provincial control bodies, under the  
7 authority of appropriate provincial statutes, and extra-  
8 provincial control bodies under the authority of a federal  
9 statute. This problem will be dealt with in detail in  
10 the main submission of Canadian Trucking Associations at  
11 Ottawa, when the conclusions and recommendations will be  
12 placed before the Commission. Much remains to be done  
13 in the realm of extra-provincial truck control in order  
14 to create a successful control system. Although we  
15 prefer to reserve further evidence in this respect until  
16 the submission of CTA at the main hearings, the evidence  
17 adduced herewith as to the efficacy of the type of  
18 control of trucking exercised in Quebec reflects our view  
19 that provincial regulatory boards, proven as agencies of  
20 control in the intra-provincial trucking field, have a  
21 continuing and useful role to play in the control of extra-  
22 provincial trucking.

23 Supplementary Evidence.

24 Since one of the primary responsibilities  
25 assigned to the Commission in its terms of reference is  
26 the study of freight rates, this Association will  
27 supplement its submission by further evidence on the  
28 specific matter.

29 Conclusion.

30 The members of the Trucking Association of Quebec







1 and their employees are most appreciative and grateful  
2 for the consideration shown by the Commission in returning  
3 to the province and cordially receiving the represen-  
4 tatives of this Association.

5 All of which is respectfully submitted.

6 TRUCKING ASSOCIATION OF QUEBEC, INC.

7 Camille Archambault  
8 Assistant to the President and  
9 Director of Public Relations

10  
11 THEO ROCHELEAU, called

12  
13 DIRECT EXAMINATION BY MR. ARCHAMBAULT:

14 Q. Mr. Rocheleau, you are employed by the  
15 Transport and Communications Department; is that right?

16 A. Yes.

17 Q. What are your functions within the  
18 provincial Ministry of Transport?

19 A. I am an inspector and an investigator.

20 Q. Have you read a brief presented by  
21 the Trucking Association to the Royal Commission on  
22 Transportation? If you have not read it, would you  
23 refer to the top of page 12, where reference is made to  
24 the road transportation which was undertaken by the  
25 C.N.R. between Sherbrooke, Quebec and Richmond. There  
26 is a sentence at the end of the paragraph which says:

27 "We know pertinently that the volume of  
28 goods transported by these vehicles is not suf-  
29 ficient to meet the immediate direct expenses  
30 of operating the trucks."





1 Have you some time ago received directorative from  
2 your department that you check the contents of the  
3 trucks of the C.N.R. which transported goods between  
4 Montreal and Richmond, and if so would you kindly tell  
5 us what your findings were?

6 MR. MACDOUGALL: It seems to me that this  
7 is the portion of the brief where I registered a caveat  
8 in respect of Canadian National Railways operations.  
9 I believe before the witness goes further ---

10 THE CHAIRMAN: Is this involved in the  
11 litigation?

12 MR. MACDOUGALL: This is what started the  
13 litigation, the inspection of this truck. It was  
14 because that or similar action was taken that the  
15 litigation was commenced.

16 THE CHAIRMAN: Is this movement involved in the  
17 litigation at all?

18 MR. MACDOUGALL: I cannot answer that abso-  
19 lutely but I think so.

20 COMMISSIONER GOBEIL: In my copy I do not  
21 see what you have mentioned.

22 MR. ARCHAMBAULT: There are two copies. The  
23 original was sent to Ottawa fifteen days ago, and the  
24 last copy with the blue cover ---

25 COMMISSIONER MANN: We never got them.

26 MR. ARCHAMBAULT: For your information, Mr.  
27 Chairman, the case in court involves a transport opera-  
28 tion by road by the C.N.R. between Montreal and Joliette,  
29 Quebec. We are talking now about transportation between  
30 Montreal and Richmond and Victoria.







1  
2 MR. MACDOUGALL: It is a question of principle.  
3 He is quite correct. The actual fact laid before the  
4 court is in connection with Montreal and Victoria. This  
5 is the same question of the operation of the trucks,  
6 and it is a question of whether the railway was properly  
7 operating a truck within the laws of Canada. That  
8 is the point before the court, and I object to the  
9 reference at this time to this other information.

10 THE CHAIRMAN: What is the point of Mr.  
11 Archambault's request for this evidence? Is it that  
12 the C.N.R. is operating trucks at a loss?

13 MR. ARCHAMBAULT: That is exactly it, whereas  
14 in the other case involving Joliette we were trying to  
15 show that they were operating illegally. Here, if  
16 you will allow me, Mr. Chairman, we will not mention the  
17 word "illegally". We will try to prove they are  
18 operating at a loss.

19 THE CHAIRMAN: Is there any question of a  
20 communication with the provincial Board in connection  
21 with the Sherbrooke-Richmond?

22 MR. MACDOUGALL: If the question is not one  
23 of the legality of the operation, if the witness being  
24 called to testify as to whether the C.N.R. is making or  
25 losing money, the witness is incompetent to say that by  
26 an inspection of the truck. The detail would have to  
27 go into the question of whether the truck was operating  
28 at a profit or loss, it would be very complicated and  
29 complex, and it bears on a great number of things.

30 THE CHAIRMAN: At this stage we do not know  
how much the witness knows.





1 MR. MACDOUGALL: There is the statement to  
2 which Mr. Archambault refers at the bottom of page 11 and  
3 the top of page 12 that the volume of goods transported  
4 by these vehicles is not sufficient to meet the cost of  
5 operation. I object to that type of testimony being  
6 given to this Commission. I do not think it would be  
7 helpful.

8 MR. ARCHAMBAULT: This witness will not  
9 testify to the effect that it was compensatory or not.  
10 He will testify to give you the information and tell this  
11 Commission what kind of a load there was on the truck,  
12 and we have another witness ---

13 THE CHAIRMAN: I do not know how helpful that  
14 might be. There might be very little on the truck today  
15 and a great load tomorrow. It is the average over a  
16 period which helps, not what might be on one day.

17 MR. ARCHAMBAULT: Maybe if you let the witness  
18 start we will realize that the railway trucks were  
19 checked over a full week.

20 MR. MACDOUGALL: That is entirely irrelevant,  
21 I suggest, and I think that this Commission, looking as  
22 it is for information that will guide it in respect to  
23 the national policies which should be put into effect  
24 in Canada, is not going to be helped at all by the evidence  
25 of the inspector of the provincial Department on the  
26 nature of the contents of the truck. I object to this  
27 type of testimony and I do not think it is relevant.

28 COMMISSIONER ANSCOMB: Mr. Archambault, let  
29 us assume that the witness proves that they are or are  
30 not losing money on a particular route. What about it?





1 MR. ARCHAMBAULT: We would like to emphasize  
2 that subsidized truck operation is getting to be  
3 established in this province with public subsidies and  
4 competing with private enterprise and, furthermore,  
5 without being proved a public necessity.  
6

7 COMMISSIONER ANSCOMB: It can be a necessity  
8 without the provincial regulations, can't it?  
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1 MR. SINCLAIR: If I may make the point I  
2 would make on this -- and this is a matter that doesn't  
3 primarily in its factual aspects affect my clients -- it  
4 would be this, that a week's check would certainly not  
5 determine anything of traffic flow, and certainly it  
6 has been determined on many occasions that you cannot  
7 with any assurance take such a small period of time to  
8 determine traffic flows; and, other than that, the fact  
9 that Mr. Archambault says there was a check made for  
10 a week -- I don't know what the proof is -- I would say  
11 that that itself wouldn't determine anything that would  
12 be of assistance to the Commission.

13 THE CHAIRMAN: We have the whole cross-  
14 examination to go on with, in any event, and you might  
15 stand this witness down and we will rule on this in due  
16 course and then put another witness on, Mr. Archambault.

17 MR. ARCHAMBAULT: Very well, Mr. Chairman.

18 THE CHAIRMAN: I think in this regard that  
19 after we adjourn counsel and Mr. Archambault with Mr.  
20 Cumming, our Commission counsel, should meet to see if  
21 something can't be worked out to avoid any confusion.

22  
23 GEORGES ROY, called

24 DIRECT EXAMINATION BY MR. ARCHAMBAULT:

25 Q. Mr. Roy, would you kindly introduce  
26 yourself?

27 A. I am Georges Roy. I am manager of the  
28 Traffic Office of ---

29 MR. FRAWLEY: Mr. Chairman, this looks like a  
30 document which we haven't had. Is this an exhibit which





1 is being put in by the Trucking Association?

2 THE WITNESS: It is an additional brief, of  
3 which I have twenty or thirty copies here.

4 MR. FRAWLEY: Could it be described? What  
5 is the document?

6 MR. ARCHAMBAULT: We will come to it. If  
7 you would let us talk for two minutes maybe we will know  
8 what we are doing exactly.

9 THE CHAIRMAN: What is it?

10 MR. ARCHAMBAULT: As I stated at the beginning,  
11 through other witnesses we will refer to some parts of  
12 our brief, and if the Commission needs more information  
13 we will file some more documents if you think they would  
14 be of interest. He is going to refer in this particular  
15 case to page 21 of the brief regarding the last \$20  
16 million subsidy to the railways by the federal government.

17 THE CHAIRMAN: Well, Mr. Archambault, our only  
18 difficulty is that we have tried to get all the submis-  
19 sions in at least two weeks before the hearings begin.  
20 Is this something new or is it just supplementary?

21 MR. ARCHAMBAULT: It is not something new.  
22 The witness is going to leave with the Commission a copy  
23 of his verbal statement.

24 THE CHAIRMAN: Go ahead.

25 MR. ARCHAMBAULT: Q. Mr. Roy, you are manager  
26 of the Traffic Consultants of the Province of Quebec  
27 which advise truck operators on rate making; is that  
28 right?

29 A. Exactly.

30 Q. Have you read the brief of the Trucking







1  
2 Association of Quebec on page 21 where it refers to  
3 a reduction of rates by the railways of 7 per cent in  
4 conformity with Order 98424 of the federal Board of  
5 Transport Commissioners?

6 A. Yes, I have, Mr. Archambault.

7 Q. Will you tell the Chairman and the  
8 Commissioners the effect of this rate reduction on truck  
9 transportation in this province?

10 MR. ANGER: Pardon me, Mr. Chairman. I can't  
11 find anything of that sort on page 21 of my English  
12 translation.

13 MR. ARCHAMBAULT: It is page 20 in the  
14 English version and page 21 in the French version.

15 Q. Mr. Roy, you are aware of the reduction in  
16 the railway rate in the Province of Quebec which received  
17 the Order of the Transport Commissioners on the 10th of  
18 July, 1959. Would you kindly explain to the Commission  
19 the direct or immediate effect upon the trucking industry  
20 of the subsidy of \$20 million in the Province of Quebec?

21 A. Mr. Chairman and members of the Commission,  
22 before the 1st of August, 1959, the Class rates published  
23 and the rates of the advisers on rates which were sub-  
24 mitted in accordance with the Act were applicable between  
25 Montreal and Quebec and were slightly lower than the  
26 Class rates published by the railways or the  
27 tariff Schedule C100.

28 Q. Will you excuse me for interrupting?  
29 Would you kindly give an outline of what you have in  
30 your brief? Explain it in very general terms.





1           A.    This forced the truckers in various  
2    districts to reduce their rates in the same proportion  
3    as the railways.    That is, the truckers had to reduce  
4    their rates just as the railways had to reduce theirs  
5    in the same proportion.    The result of the subsidy  
6    granted to the railways was that truckers were forced  
7    to reduce their tariffs in the same proportion for  
8    several services.    What I have prepared here also gives  
9    you an idea of the fact that the railways can reduce  
10   their rates in a few days.    I show you a copy of the  
11   rate schedules of the railways, and what I have given  
12   you here merely corroborates the facts presented in the  
13   brief of the Trucking Association.    The railways re-  
14   duced their tariffs ---

15           THE CHAIRMAN:   Because of this \$20 million  
16   subsidy the consumer paid less and because of the subsidy  
17   the truckers had to carry less to the consumers, and  
18   that is your complaint?

19           MR. ARCHAMBAULT:   But the difference is that  
20   the railways are receiving the subsidies and we do not  
21   receive subsidies, which means in the end we have to com-  
22   pete with our own government in transportation.

23           MR. SINCLAIR:   I think, with respect, Mr.  
24   Chairman, it should be made abundantly clear that this  
25   terminology that the railways are receiving the subsidy  
26   doesn't properly reflect the facts.   It is the shippers  
27   who are receiving the subsidy, and the implication that  
28   the railways are receiving a subsidy is completely  
29   erroneous and contrary to the purpose and the definition  
30   of the statute that provided for it and the terms contained





1 therein, where the Board of Transport Commissioners  
2 issued the Order that they did.

3 MR. FRAWLEY: Mr. Chairman, I would certainly  
4 like to add to the remarks of my friend Mr. Sinclair.  
5 Being a person who had not an entirely inconsequential  
6 part in the appeal to the Privy Council which resulted  
7 in the \$20 million statute, I would certainly not like  
8 to think that anybody but the shippers using class  
9 and non-competitive commodity rates, and only those  
10 people and no one else got the benefit of the \$20 million  
11 subsidy.

12 MR. ARCHAMBAULT: Should not all this be the  
13 subject of argument later on? I understood when I made  
14 the request to come to Quebec that we were going to  
15 bring facts to support briefs.

16 THE CHAIRMAN: That is right.

17 MR. ARCHAMBAULT: Argument will come later in  
18 Ottawa.

19 THE CHAIRMAN: I think the facts are within  
20 the knowledge of the Commission.

21 MR. SINCLAIR: Well, Mr. Chairman, if I may,  
22 I would like to say this, that if the purpose of bringing  
23 the Commission here to Quebec is to receive facts, I think  
24 it should receive those facts all together and not only  
25 part of the facts. As my friend Mr. Frawley has  
26 stated, the roll-back applied only to non-competitive  
27 rates. I think that fact is overlooked by Mr.  
28 Archambault in his brief and what he has said here  
29 today, and it was only that I was speaking to and also  
30 Mr. Frawley was speaking to, as I understand.







1  
2 THE CHAIRMAN: Is there anything else you  
3 want to add from this witness, Mr. Archambault?

4 MR. ARCHAMBAULT: All I want is to emphasize  
5 that we had to reduce our non-competitive tariff after  
6 the \$20 million subsidy to the railways.

7 THE CHAIRMAN: Your complaint is that because  
8 of this roll-back you were forced either to cut rates  
9 or you couldn't raise rates?

10 MR. ARCHAMBAULT: That is right.

11 THE CHAIRMAN: Mr. Cumming?

12 MR. CUMMING: No questions.

13 THE CHAIRMAN: Mr. Doherty?

14 MR. DOHERTY: No questions.

15 THE CHAIRMAN: Mr. Frawley?

16 MR. FRAWLEY: No, no questions.

17 THE CHAIRMAN: Mr. Macdougall?

18 MR. MACDOUGALL: Yes, I would like to ask one  
19 question.

20 CROSS-EXAMINATION BY MR. MACDOUGALL:

21 Q. When the railways increased their rates  
22 following the Judgment of the Board by 17 per cent after  
23 giving proof of their need for additional revenue to meet  
24 expenses, is it correct that the truckers whom you  
25 represent and have knowledge of then increased their  
26 rates under that railroad umbrella, you might say, to  
27 bring them up near the level of the rail rates?

28 A. I can't say that is exactly correct, be-  
29 cause we had to follow the same procedure as the railways  
30 had. We had to submit financial statements to the





1 Transport Board before we could establish the principle  
2 that there should be an increase.

3 THE CHAIRMAN: Is the position this, that  
4 when the railway increase went on of 17 per cent you  
5 increased your rates 17 per cent or about that?

6 THE WITNESS: Yes.

7 THE CHAIRMAN: And when the roll-back came  
8 in to help the shipper and to help the consumer, your  
9 complaint is that the shipper or the consumer was being  
10 helped by the federal government; is that right?

11 THE WITNESS: Yes, that is right.

12 THE CHAIRMAN: I think we have that fairly  
13 clear, Mr. Archambault.

14 MR. ARCHAMBAULT: Mr. Chairman and Commission-  
15 ers, I don't know if you are interested in knowing the  
16 way tariff control in truck transport operates here.  
17 We have copies of our orders and documents relating to  
18 tariffs. If the Board is interested, I am offering  
19 the information if it is desired. We have documents  
20 relating to our truck tariff.

21 MR. SINCLAIR: Mr. Chairman, may I make a  
22 suggestion, that instead of proving it in that way a  
23 statement be made as to it. I think some of us know  
24 the situation, and I think rather than doing it formally  
25 in that way a general statement would be sufficient.

26 THE CHAIRMAN: If you made a statement, Mr.  
27 Archambault, as to the practice. How is it done?

28 MR. ARCHAMBAULT: Q. Would you explain, Mr.  
29 Roy, how it is done in a few words for the Commission?  
30







1 THE CHAIRMAN: I think the Commission wants  
2 to know that in fixing your rates you are influenced by  
3 what the railways charge.

4 THE WITNESS: We are influenced by the rail  
5 rates, yes. We establish rates in cooperation with the  
6 carriers, they are filed at the Transport Board in  
7 accordance with the Transport rules, and when accepted  
8 as such they are put in effect in twenty days after  
9 publication. Now, the rates are based, you might say,  
10 on the rail rate as far as class rates are concerned.  
11 As to commodities, it depends on the needs of the dif-  
12 ferent localities.

13 THE CHAIRMAN: Do you have agreed charges?

14 THE WITNESS: We have no agreed charges  
15 publications.

16 THE CHAIRMAN: Do you have any contract arrange-  
17 ment?

18 THE WITNESS: Some carriers have contract  
19 rates. They are not published; contract rates are not  
20 published under our bureau. That is, we don't publish  
21 contract rates.

22 THE CHAIRMAN: Are there many contract rates?

23 THE WITNESS: I am unable to be certain. I know  
24 there are some.

25 THE CHAIRMAN: When there is a contract between  
26 yourselves and the shipper, then it is not published?

27 THE WITNESS: The contract wouldn't exist  
28 between the Bureau and the shippers, it would exist between  
29 the shippers and the carrier.

30 THE CHAIRMAN: I mean, would that contract be a





1 private contract?

2  
3 THE WITNESS: The rate involved in the con-  
4 tract is filed with the Board as well and it is public, it  
5 is open to the public.

6 MR. ARCHAMBAULT: Q. All the tariffs that  
7 you publish have to be ratified by the Transport Board  
8 before they can go into effect?

9 A. Yes, that is so.

10 THE CHAIRMAN: What I am getting at is, if  
11 in addition to the published rates there are any private  
12 contracts which are akin to the agreed charges which are  
13 published?

14 MR. ARCHAMBAULT: I was coming to this. Does  
15 the Transport Board accept from your Tariff Bureau agreed  
16 tariff rates or rates of an agreed charge nature?

17 A. No, the Transport Board won't accept  
18 agreed charge rates, not from the bureau.

19 MR. SINCLAIR: With respect, sir, I think Mr.  
20 Archambault must have misunderstood the question, because  
21 your question, I think, was, what is the practice in the  
22 trucking industry in Quebec in regard to the publication  
23 of contract rates, and I think what he has asked the  
24 witness is, does your tariff bureau take the responsi-  
25 bility rather than the trucking industry?

26 THE CHAIRMAN: I got back to the deal between  
27 the trucker himself and the shipper.

28 MR. SINCLAIR: I think there is a little cross-  
29 purpose here, and that the witness in the box at the  
30 moment is of a tariff publication organization and is not  
a trucker, and, if I may suggest it, sir, you will have





1 to wait until there is a trucker in the box.

2 THE CHAIRMAN: We will wait.

3  
4 CROSS-EXAMINATION BY MR. FRAWLEY:

5 Q. Mr. Roy, I am here representing the  
6 Province of Alberta. I say that by way of clarifying  
7 the situation.

8 You operate a company which acts as a hiring  
9 agency for trucking rates?

10 A. Exactly.

11 Q. In the Province of Quebec it is the law  
12 that truckers must file their rates?

13 A. It is.

14 Q. Is that a good thing or not?

15 A. I feel it is a very good thing.

16 Q. What is good about it?

17 A. Well, it protects the industry; in the  
18 interests of the public it is a very important thing that  
19 rates should be filed.

20 Q. It protects whom?

21 A. The industry.

22 Q. The shippers?

23 A. The shippers, in other words.

24 Q. How does it protect the shipper?

25 A. Because the rates, being published, they  
26 can find out easily what they are.

27 Q. Doesn't it have the necessary effect of  
28 making the truckers' rates parallel and practically  
29 conform to the existing rail rates?

30 A. Well, I will say at times it does.

Q. That is its general effect, isn't it?







1 A. Generally speaking.

2 Q. And do you think that is a good thing?

3 A. Well, we feel it is in a way.

4 Q. Don't you think ---

5 A. We don't always -- speaking of the car-  
6 rier -- follow the rate of the rail, but they are used  
7 as a base to our rate.

8 Q. Not always, but most of the time you  
9 follow the rail rates?

10 A. Yes, on class rates.

11 Q. And you announce that information to the  
12 shipping public?

13 A. Yes.

14 Q. Doesn't that militate against the compe-  
15 titive strength of the trucking industry vis-a-vis  
16 the railways?

17 A. Would you mind repeating the question?

18 Q. Don't you think that it is much better to  
19 leave the truckers free to make their own rates and to  
20 compete ratewise as well as servicewise and every other  
21 wise against the railways?

22 A. No, I don't think it would be a good thing.  
23 I don't figure it would be in the interests of the public,  
24 because it creates discrimination, in my view.

25 Q. It creates discrimination?

26 A. Yes, in this way, that a firm in a town --  
27 you have two industries in the town: one will pay a rate  
28 and the other will pay a rate, and when it comes to  
29 selling their goods in the market one is handicapped  
30 because he is paying more than the other; while when they





1 are set on normal rates, equal rates, then it evens  
2 up the possibility of them marketing their goods.

3 Q. It makes things nice and cosy for the  
4 truckers, probably. How did this business of filing  
5 rates come about? How did it become the law in Quebec?  
6 Was it at the request of the truckers?

7 A. I can't answer that.

8 Q. You don't have any federal control of the  
9 trucking rates?

10 A. Not in Quebec.

11 Q. And you don't want that; you want to remain  
12 controlled purely by the province?

13 A. Exactly.

14 THE CHAIRMAN: Thank you very much, Mr. Roy.

15 BY COMMISSIONER MANN:

16 Q. Mr. Roy, when we were in Toronto we had  
17 the pleasure of hearing from Mr. Wallace, with whom you  
18 are familiar. I asked Mr. Wallace in Toronto whether  
19 he thought that the trucking industry should have its  
20 own classification. I want to ask you the same question.

21 A. I would prefer that the trucking industry  
22 should have their own classification. There was a  
23 question of bringing some uniformity in rates.

24 Q. When you say you would prefer to see a  
25 motor truck classification, is it because motor truck  
26 costs are greater than rail costs and you can better  
27 illustrate your own needs in your own classification?

28 A. I feel that it is better that way, and at  
29 times rail doesn't work in accord with the service of  
30 the truck.







1 Q. That is because essentially the truck  
2 rates are different from rail?

3 A. Yes.

4 Q. If truck costs are different from rail  
5 costs, why did you feel justified in making an increase  
6 in rates of 17 per cent on December 1st, 1958?

7 A. It was after an application to the  
8 Transport Board, and after having established the opera-  
9 tional costs of the truckers with the Board it was found  
10 that it was necessary that we increase by 17 per cent,  
11 according to ratio.





1 Q. Then you are telling this Commission that  
2 Colonel Harold and his colleagues found that the  
3 cost of the trucking industry of Quebec went up by so-  
4 and-so much some time in 1958, requiring therefore a  
5 17 per cent increase?

6 A. Yes, a 17 per cent increase. As a  
7 matter of fact, we did not take the exact 17 per cent.  
8 The percentage varied. The increase all told did not  
9 represent any more than 11 per cent.

10 Q. That was in respect of cost increases  
11 suffered by the Quebec trucking industry?

12 A. Exactly. By the truckers, themselves.

13 Q. I have one more question, Mr. Roy. When  
14 the Quebec Transport Board authorized this increase,  
15 which you say ranged around 11 per cent -- when you  
16 put everything together, it could have been 10 or 17  
17 on some rates?

18 A. Yes.

19 Q. When the Transport Board authorized this  
20 increase, were there any representations made to the  
21 Quebec Transportation Board by individual shippers or  
22 shippers' organizations, such as the Quebec Federation  
23 and the Canadian Industrial Traffic League?

24 A. There sure was. There was a public  
25 hearing called for that purpose.

26 COMMISSIONER MANN: Thank you.

27 MR. SINCLAIR: There is one question I would  
28 like to put to the witness.

29 THE CHAIRMAN: Yes, Mr. Sinclair.  
30





1 CROSS-EXAMINATION BY MR. SINCLAIR:

2 Q. Mr. Roy, would you tell the Board whether,  
3 if there were a separate classification for the trucking  
4 industry, it would in your opinion be possible to  
5 develop a through bill truck to rail, or would that  
6 militate against it?

7 A. I did not quite get the question.

8 Q. In answer to Commissioner Mann, he asked  
9 you whether in your opinion there should be a separate  
10 truck classification, that is, separate and distinct  
11 from the classification you now have, which is similar  
12 to the rail classification?

13 A. Yes.

14 Q. My question to you as an expert in bills  
15 and tariffs, was whether you would express the opinion  
16 to the Commission that if there was a separate classifi-  
17 cation for the truck and rail whether that would militate  
18 against a through bill truck-rail?

19 A. It is a through rate.

20 Q. A through bill of lading?

21 A. I cannot see how the classification would  
22 affect the bill.

23 Q. You would not see how a different classifi-  
24 cation would affect it?

25 A. Would affect in what way?

26 Q. A through bill.

27 A. A bill of lading?

28 Q. A bill of lading to cover movement part  
29 highway and part rail. That is what I have in mind.

30 A. In this case it would surely mean ---







1 Q. Separate bills?

2 A. Not exactly separate bills of lading.

3 It would mean a different classification of the goods on  
4 the part of rail and on the part of the truck.

5 Q. Would you be able to make a composite  
6 bill of lading, the one making the rail haul and the  
7 other part the truck haul? Is that what you have in  
8 mind?

9 A. The same bill of lading could be used  
10 for the road and the rail, if the conditions agree,  
11 but presently we have no legal bill of lading as far  
12 as highway transport is concerned and therefore we cannot  
13 come under the same regulation.

14 Q. I recognize that there is not a uniform  
15 set of conditions. Therefore, if you have through  
16 bills you have to have both sets of conditions so that  
17 where they differ -- I am not trying to say what my  
18 position is. I am just trying to get the facts.  
19 If you have no views on this, just say so.

20 A. If I could make out in my mind what is  
21 the point you want, I could probably say it.

22 Q. I will do it step by step. Do you  
23 think it would be advantageous to have a through bill  
24 of lading covering part rail, part truck movements?

25 A. It might be advantageous in certain cases  
26 for industry if we could have a through bill of lading.  
27 For the time being we do not have a through bill of  
28 lading.

29 COMMISSIONER MANN: I think the bill of  
30 lading could be called into existence if the Province of





1 Quebec were to make it legal. It is a short form bill  
2 of lading, and I do not quite see what the difficulty  
3 is.

4 MR. SINCLAIR: What I am interested in is  
5 getting the views of this witness. What my difficul-  
6 ties may be at a later stage I am not trying to argue  
7 now. As I understand it, the point is that this  
8 witness thinks that a through bill of lading would be  
9 advantageous, as I understood his answer, and,  
10 secondly, he does not think that a change in classifi-  
11 cation between rail and road would affect the availability  
12 of that bill. That may very well be the same position  
13 I am in myself. I am not trying to take a stated  
14 position of my company at this time. I was trying to  
15 get his views.

16 THE CHAIRMAN: I think we had better let  
17 this witness off the hook now. What I want to make  
18 clear is what you want to establish with him. That  
19 was, as I understand it, that when the Board of Transport  
20 Commissioners ordered an increase in freight rates,  
21 then the railways increased freight rates and then the truck  
22 rates increased, and when the roll-back came for freight rates  
23 where there was no competition, then you did not get  
24 the benefit of it? That is your complaint?

25 MR. ARCHAMBAULT: The reason why we had this  
26 witness here is because when this \$20 million was  
27 granted it was said that truck operation would not be  
28 affected immediately. We are trying to prove, and  
29 we have proved, I believe, that we were immediately  
30 directly affected.







1 THE CHAIRMAN: That is a matter of argument.  
2 You argue from that, but these are the facts you are  
3 to establish that I have gone over, aren't they?

4 MR. ARCHAMBAULT: It is a fact we have  
5 established, I believe, that we are affected. We are  
6 not arguing about it.

7  
8 BY COMMISSIONER ANSCOMB:

9 Q. Could I just ask the witness this ques-  
10 tion? As I understand it -- and you tell me if my  
11 understanding is not correct -- according to your evi-  
12 dence, if the railroads get into the position, whether because  
13 of wages or other costs, and have to raise their  
14 rates and are so given the power to raise them,  
15 that your trucking association immediately goes as  
16 close to that as they can?

17 A. Not necessarily. We are not obligated  
18 to. If we are in the same situation as the rails are  
19 we have to face increases in salaries, increases in  
20 costs. That gives us the opportunity to ask for an  
21 increase.

22 Q. Then will you tell me what percentage of  
23 your business did you put up 17 per cent when the railways  
24 were authorized so to do?

25 A. I have not any figures with me. I did  
26 not think I was to be asked such a question or I would  
27 have supplied the figures.

28 Q. In order that I may understand the situa-  
29 tion can I put this question to you, and if you do not  
30 want to answer it I cannot make you. The railways, as  
I understand it, were forced to increase their rates





1 17 per cent -- I am not arguing it -- because of an  
2 increase in the wage rate paid their employees. That  
3 was the basic reason. At the same time did you in-  
4 crease your employees' wages on the same basis at the  
5 same time?

6 A. Not in every case but in some of the  
7 companies. Generally speaking there is the overall cost  
8 that made it possible for us to ask for 17 per cent, not  
9 necessarily the wages.

10 Q. If your costs had risen, let us say,  
11 extensively and the railways had not increased their  
12 rates, would you increase yours above the railway rates?

13 A. I cannot very well say for sure, but I  
14 know in some instances we have.

15 Q. Did you lose business by so doing?

16 A. The volume was affected to a certain extent.

17 MR. ARCHAMBAULT: The question was asked,  
18 "Did you lose business?" This gentleman is not a truck  
19 operator. We have a truck operator later.

20 THE CHAIRMAN: It is a quarter after four,  
21 and I think we may adjourn until nine-thirty tomorrow  
22 morning, but before adjourning I want to find out where  
23 we are. You have called two witnesses; one we have  
24 stood down, then who else is to be called?

25 MR. ARCHAMBAULT: I will have another witness  
26 from Chicoutimi district who will give some facts regard-  
27 ing a statement made this morning by Mr. Dauphinais,  
28 as you will recall. I will have another witness from  
29 the Lower St. Lawrence who will give evidence on some of  
30 the statements of Mr. Sheehan regarding truck transportation.





1 THE CHAIRMAN: This is not a lawsuit, you  
2 know, Mr. Archambault. We are trying to get at the  
3 situation in the country and we are not having any  
4 police court case or anything of that kind.

5 MR. ARCHAMBAULT: I understand that. One  
6 of the witnesses from the Lower St. Lawrence will be in  
7 a position to answer the question of Mr. Anscomb. This  
8 witness will tell you that they were charging above  
9 railway rates, and keeping the business, if this is  
10 the information you want.

11 THE CHAIRMAN: I think I should say in  
12 fairness to the witnesses that we have had here,  
13 we have had a very superior number of witnesses and  
14 very fine, honest gentlemen who have been very frank  
15 and very helpful, and we have appreciated very much  
16 their evidence, and I do not think that any witness would  
17 lie to us about the situation.

18 MR. ARCHAMBAULT: It was not a question of  
19 lying, but maybe some of them did not have the facts.  
20 For instance, Mr. Dauphinais said this morning that there  
21 was a weight restriction on trucks in the spring  
22 and we have a copy of the Order showing that there are  
23 no weight restrictions.

24 THE CHAIRMAN: We will adjourn until nine-  
25 thirty tomorrow morning. We want to be absolutely fair  
26 to your people, Mr. Archambault, but we do not want to  
27 turn this into a police court case or anything of that  
28 kind where people are contradicting other people and that  
29 sort of thing. That is not the spirit in which we are  
30 acting.







1 MR. ARCHAMBAULT: May I make a suggestion?

2 Suppose we have a recess and discuss the type of wit-  
3 ness we intend to bring before you. If you think it  
4 is not necessary, I do not see any reason for us keeping  
5 the Commission here until tomorrow, if you do not  
6 see fit to hear our witnesses.

7 THE CHAIRMAN: We are going to be here  
8 tomorrow anyway.

9 MR. ARCHAMBAULT: So it is not because of us  
10 that you are staying.

11  
12 ---Adjournment.  
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